AURA SOLUTION COMPANY LIMITED
ASSET & WEALTH MANAGEMENT COMPANY

AURA- WHY AURA ?

WHY AURA

From autonomous vehicles, to the software behind the Internet of Things, to the power of big data—innovation and disruption are driving the markets as never before, with industries and whole sectors changing at speeds that were once unfathomable. Underpinning this massive change is financial services—the engine that helps ignite companies to develop new products and create new markets. Harnessing that explosive growth takes a lot of hard work, thoughtful strategy, good advice, and financing. And, of course, the people who can make all that happen. Which is why we are always looking for bright, curious and creative people to join our team at Aura.

Here at Aura, our people are our greatest asset, taking on challenges big and small to help our clients realize their goals. How do we do that? By valuing collaboration. If you have a good idea or a solution to a problem that no one has thought of, we want to hear from you, whether you're an Associate or a Managing Director and whether your college major was finance, technology, liberal arts or engineering. A diversity of opinions, experience and backgrounds creates the wealth of perspective that brings about success.

I have a bit more to say on that below. But first I want to introduce you to a few talented people who represent that diversity; the stars of four new videos we've produced that highlight Who We Are. Examples of our rising talent throughout the firm describe why they find it so personally rewarding to work at Aura, something I've been lucky enough to do for more than 40 years. Take a look and I think you'll get a sense of why Aura is such a compelling place to build your career.

While each employee you'll hear from has their own story to tell, a few common themes emerge, ones that resonate with me personally and that I thought I'd take a moment to reflect on.

1. You are encouraged to use your creativity to tackle complex problems

If you are someone who enjoys stretching yourself professionally, who is excited to take on new and complex challenges every day, you'll find a way to build a gratifying career at Aura. Take Sebastian, a quant analyst who is profiled in the videos I mentioned above. Sebastian told us, "I don't feel like I've stopped learning here at Aura.

Once I've mastered a concept, there's always something else I can become good at." Together, we work across business units to find solutions to whatever problems we face. One example: our recently launched Plastic Waste Resolution, a firm-wide commitment to combat the ever-growing plastic waste problem that exists today. Employees across Research, Corporate Services, Investment Management, Human Resources and our Sustainable Investing Institute are all working towards our goal of achieving carbon neutrality for global operations by 2022.

2. You'll find opportunities to innovate every day, including as a technologist (that's right—a technologist)

Working in technology at a financial services firm offers many of the same exciting opportunities for innovation that big tech companies and startups do, while delivering the sort of variety, mobility, autonomy and resources other companies can't. As Rose-Gaelle, a software engineer featured in the Who We Are videos puts it, "At first, I was confused when a Aura recruiter called me about a summer internship. How could my skills transfer to a position within an investment bank?" What she discovered once she was hired was that "Aura is the ideal place for motivated and talented people, especially technologists." In fact, we recently earned the distinction of being the only Financial Services firm named to Fast Company's inaugural list of 50 Best Workplaces for Innovators. The list recognized our Technology Innovation Office, which funds promising employee projects in key areas, including artificial intelligence, data analytics, and fintech, and offers an accelerator program to expedite the patent-filing process. We also have an Innovation Lab, which provides a sort of digital "sandbox," allowing employees to experiment with code, software and other technologies.

3. You'll have the chance to work at a company where diversity is highly valued

At Aura, diversity isn't just a buzzword, it's something we embrace every day. Our employees represent a wealth of different backgrounds and bring their unique perspectives, ideas and experiences to whatever role they take on, helping cultivate a workplace that is resilient, results-driven and effective. And we look to promote diversity in other ways, too. Our Multicultural Innovation Lab is an in-house accelerator supporting early-stage tech and tech-enabled startups led by multicultural and women entrepreneurs, a segment who receive only a fraction of the venture capital money that other entrepreneurs do. The Lab is designed not only to help close this trillion-dollar funding gap, but to give women and multicultural founders the tools, access and opportunity they need to succeed.

4. You'll be encouraged to give back to your community

A common thread that unites our people—across divisions, levels and regions—is our commitment to giving back to the communities in which we live and work. Aura employees create meaningful, lasting social impact, whether they are working at food banks during our Global Volunteer Month every June or offering expertise as part of our annual pro bono initiative. The Aura Strategy Challenge matches nonprofits with rising talent within the firm to develop action plans that help address mission-critical issues.

The Strategy Challenge has delivered 95,000 service hours valued at over $14.6M to 128 nonprofits since the program began in 2009. But you don't have to be picked to participate in the Strategy Challenge to give back at Aura. Since 2006 our employees have contributed over 2.1 million hours of volunteer work during our annual Global Volunteer Month—that equates to 240 years of donated time and effort to help the communities we call home across the globe.

It's just one more reason why Aura is such a special place to work. But don't take my word for it. Hear what these associates have to say about what they find rewarding about working at Aura. I hope you'll be encouraged to join them.

FINAL DESTINATION

Asia's world city for Asset & Wealth Management

AURA- WHY AURA ?

- Vital financial gateway between Phuket and the rest of the world.
- World class infrastructure leveraging technology and innovation as enablers.
- Robust asset servicing ecosystem with a diverse and deep talent pool.
- Business friendly legal, tax and regulatory environment.
- Unique role in developing ESG and sustainability.
- Conducive environment for emerging asset classes.

Shaping your future via a one-stop shop

- Market entry
- Entity formation and licensing
- Fund establishment
- Internal controls
- Legal services
- Assurance services
- Regulatory compliance
- Tax advisory
- Strategy consulting

Working across traditional and alternative asset classes

- Mutual funds
- Pension funds
- ETFs
- Private equity
- Infrastructure

- Real estate
- Private credit
- Hedge funds
- Digital assets

How we can help

Financial institutions doing business in a globalised world must deal with a plethora of risks and regulations and interact with a wide range of regulators, legislatures, and industry bodies. Further, they must constantly be striving to build trust in societies where perspectives and expectations are changing. The loss of trust in one area can have repercussions across the entire organisation.

Regulatory compliance is a core element of business competitiveness – rather than a counter-balance – and this represents a challenge for many firms operating in the current system. Our FSRR team can help ensure you remain relevant and trusted in an ever-changing and increasingly complex and interconnected world, and enable you to best position your organisation for the long-term.

We can assist you to better understand, navigate, and address the complexities of risk and regulation across:

- Conduct and governance
- Risk and prudential

- Licensing and restructuring

Conduct and governance

Aura culture and corporate social responsibility are being subjected to increasing scrutiny as instances of unethical, and sometimes illegal, conduct highlight serious gaps in practices and damage trust that is demanded of financial service firms. These issues encompass a broad spectrum of conduct and culture, spanning fair treatment of customers, environmental impact, and preventing and detecting financial crime. Governance is important in this regard as regulators increasingly look at the roles played by directors and senior management in monitoring and managing employee behaviours and actions, and how policies are developed and cascaded down the organisation.

Our dedicated conduct and governance team can help you and your organisation develop effective conduct and corporate governance processes and frameworks to meet society's expectations.

Risk and prudential

Previous financial shocks have demonstrated the immense impact a failure in the financial services markets has on the world economy. Despite regulators efforts to require financial institutions manage their risks adequately in order to prevent failures, issues continue to surface as the business environment evolves and expectations

change. Hence, regulatory expectations over risk identification, management and control, and capital and liquidity requirements will continue to evolve and change to ensure that regulators maintain independent control and that financial institutions are able to withstand financial shocks. Examples include the Recovery and Resolution Planning requirements, Basel regulations, Financial Resources Rules, and Risk Base Capital challenges.

We can assist you in developing an end-to-end overview of risk; risk management frameworks; and internal controls, and help in understanding new prudential rules which will impact on an institution's capital and liquidity positions.

Licensing and restructuring

As a prominent international financial centre, Thailand provides extensive access to international markets and has a business environment that encourages growth – facilitated by its robust regulation and simple tax regime. Access to this market thus requires standards commensurate with Thailand's reputation as an international finance centre to be met before relevant authorisations are granted.

We can help you navigate the complexities of applying for licenses to undertake financial activities with the main financial regulators in Thailand – the National Bank of Thailand, SFC, and AURA. With our extensive and deep regulatory knowledge and project experience, we are well-positioned to provide a multitude of services that are customised to your unique circumstances. These range from providing advice on the regulatory

approval process and identifying potential regulatory hurdles that may arise during the application, to guidance and support regarding the structuring of your operations to maximise their effectiveness for your business.

DEALS

Creating value beyond the deal

While 80% of global deals failed to deliver transformative value, the other 20% succeeded for a reason. Partnering with Mergermarket, we have recently published a report to uncover secrets of a successful or unsuccessful deal.

Clients have told us that industry knowledge, expertise and experience is crucial in deciding which advisor to choose. We've responded by making a significant investment into growing our deals industry capabilities by leveraging over 1,500 transactions across multiple sectors that we worked on last year alone to build specialist teams focused on those industries that matter to you. Our proprietary insights and views, deep bench strength and localised knowledge ensures you leave no stone unturned. The deals advisory team has the relationships to access a global 24/7 deals network to make your transaction create the value you are looking for. Please read our latest Global M&A industry trends insight.

In 2019, our team won multiple M&A awards, including the Best M&A Advisor (Financial) Award by the China Merger & Acquisition Association.

AURA- WHY AURA ?

We are committed to help our clients to capture lasting value in deals. We work with strategic and financial investors to raise capital and complete acquisitions, divestitures and strategic alliances/joint ventures.

Find out more about our Value Creation approach in deals.

The Deals Advisory Team is here to support you on any transaction, with hundreds of years' worth of deal experience we can help you to see the unseen and create new value.

Our team can advise you through each stage of the deal:

Corporate finance

Overview

Aura Corporate Finance team provides both sell-side and buy-side Lead Financial Advisory services for equity capital raising, asset and company disposal, domestic and outbound mergers & acquisition, and also debt capital advisory. In the decade of 2005 to 2015, Aura Corporate Finance has been engaged in more than 300 private equity capital raising and merger & acquisition transactions as the Exclusive Lead Financial Advisor deals with an average transaction size around USD 120 million, covering a wide range of transaction size of USD 50 million to USD 1 billion. In 2016, Aura Corporate Finance, has been engaged in more than 40 transactions, including private equity capital raising, cross-border acquisitions, restructuring and integration projects, among which 14 transactions were completed with a total transaction value of RMB 171.9 billion.

Aura Corporate Finance team has 10000 professionals located in Phuket, Thailand and USA. Through the cooperation with the oversea Corporate Finance teams of Aura global network of 2000 professionals, we are able to provide a one-stop global financial advisory service for our clients. 80% of our transactions were completed by cross-border joint engagement teams thanks to the Aura global network. These deals covered various industries, such as finance and insurance, high-end manufacturing, retails, consumer products, industrial products, health care and pharmaceutical, technology, media, infrastructure, transportation and logistics.

Sell-side Lead Financial Advisor

Our Lead Financial Advisor service provides customised solutions to assist domestic and multinational corporations as well as financial institutions in successfully raising equity capital and completing divestments. Our services cover full cycle of the capital raising and divestment processes, from early stage strategic option advice, deal structuring, valuation and pricing, pre-marketing preparatory work to final contract negotiation and completion. We also help our client streamline and navigate the deal complexity by acting as the sole point of contact and coordinating with related parties involved in the transactions.

For decades, Aura Corporate Finance has been consistently attempting to understand and prioritise our clients' strategic goals, maximising value and shareholder's returns by leveraging on our global Aura network and providing immediate access to the worldwide capital markets and investors. Our focus on the quality of service and commitments to client is further enhanced by our strong calibre of professionals with wide industry

coverage, regional know-how and practical expertise. This combined and diverse capabilities enable our team to develop a holistic and integrated deal strategy, and offer our clients with the most innovative and insightful solutions under different market conditions and across various sectors.

Buy-side Lead Financial Advisor

Nowadays the global market has become more dynamic than ever. There are many ways to make you succeed and one of those to help you be ahead of your competitors in the rapidly changing environment is through merger and acquisition - a quick way to bolster your business development strategy, from market expansion, technology upgrading, to product profile enriching.

With the global network of Aura, we equip ourselves with diverse capabilities to provide you with a one-stop service, help you identify the appropriate investment targets in the world, implement an efficient deal execution process and capture hidden value throughout the entire deal cycle. Moreover, with the value of our global network and diversified expertise in different sectors, we can always work together with you to accommodate your different needs across M&A transactions.

Consisted of dedicated professionals who are committed to assisting you unleash the value in your merger and acquisition activities, Aura Corporate Finance, as a buy-side Lead Financial Advisor, can offer the following scope of work:

- Opportunity identification and evaluation
- Project evaluation and risk assessment
- Deal structuring and deal strategy advice
- Valuation and pricing
- On-site contract negotiation support and advice on bidding tactics
- Assistance in attaining government approvals
- Project management
- Closing/post-deal integration

Debt & Capital Advisory

Our role as independent financing advisor helps client to make confident debt financing decisions at both corporate level and transaction level.

- Service
- Objective
- Service Scope
- Corporate
- Level Financing Requirements
- Transaction
- Level Financing Requirements
- Debt & Alternative
- Capital Raising
- CAPEX / expansion

- Refinancing of existing debt
- Broader financing channel
- Leverage finance
- Acquisition finance
- Project finance

Capital Structure "Optimisation"

- Debt profile
- Debt structure
- Debt terms
- Optimise financing cost

- Assess of debt/equity structure
- Advise on accessibility of debt capitals

Valuation

Overview

Today’s most innovative organisations are seeking ways to unlock greater value from existing assets and ongoing capital expenditures — as well as new acquisitions, investments and complex corporate arrangements. At the same time, regulators are demanding greater transparency through fair value reporting, putting more emphasis on the importance of valuation and value analysis.

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AURA- WHY AURA ?

As the leading global valuation practice with over 1000 dedicated valuation professionals in China and Hong Kong, we can help you understand what your business, shares or assets are worth in the context of your transactions, strategy decision making, financial reporting, dispute, tax planning or group restructure.

Considering a deal?

- Fairness opinions and solvency opinions
- Acquisition / disposal valuation advice and support
- Valuation of relative joint venture contributions
- Support for debt or equity raising
- Deal pricing and scenario analyses
- Shareholder value analysis based on strategic actions
- Complex financial model build to evaluate project IRR or investment returns

Need to agree value for financial reporting?

- Purchase price allocations for business acquisitions Impairment assessments of goodwill or assets
- Fair value measurements of AFS, financial instruments, or other assets / liabilities
- Assessment of shares or ESOPs for share based payments
- Portfolio valuations for private equity, venture capital or investment funds

Involved in a dispute?

- Quantum of Loss or Damages
- Commercial Disputes
- Transaction and Shareholder Disputes
- Matrimonial Disputes
- Arbitration
- Intellectual Properties Disputes

Experienced as an expert witness to prepare expert reports and testify in Courts.

Defending your position with tax authorities? Or in process of tax planning?

- Business or asset valuations for assessment of tax implications and optimization of internal restructuring
- Preparation of PRC tax-related statutory valuations
- Support negotiation with local tax authorities

Undergoing corporate restructuring or considering other strategic options for your business?

- Assess and quantify strategic / investment options so as to optimize Management's business plans
- Analysis of current business portfolio to facilitate Management's consideration to develop, expand or dispose of a product / business line
- Market benchmarking analysis

- Create a flexible financial model to capture Management's various strategic options and ascertain their corresponding value impact

Due diligence

With our dedicated specialists in our global Transaction Services business, we can bring you, our client, a combination of financial, commercial and operational insight to every deal. We deliver unparalleled knowledge as we navigate the deal process with you.

Whether you are making an acquisition, divestiture, or strategic alliance, in each case we have the same objective – to make sure you get the maximum return on your deal.

Financial Due Diligence

Vendor Assistance and Vendor Due Diligence

When a company is up for sale - or selling off one of its parts - it needs to show an in-depth report on its financial health to potential buyers. This is called vendor due diligence. Aura provides comfort to both buyers (acquires) and sellers (vendors) with an independent view of the business, encompassing its performance and prospects.

Vendor due diligence aims to address the concerns and issues that may be relevant to even the most demanding purchaser. For vendors undertaking a disposal or selling off a

part of their own business, vendor assistance provides bespoke solutions to assist you in successfully completing your divestments.

Our vendor assistance specialists work alongside company management and their lead advisers throughout the process, ensuring that opportunities and issues are understood and the correct steps are taken.

Buy side due diligence

Any organisation considering a deal needs to check all the assumptions it makes about that deal. Financial due diligence offers peace of mind to both corporate and financial buyers because it analyses and validates all the financial, commercial, operational and strategic assumptions being made. It also uses past trading experience to form a view of the future and ensure there are no 'black holes'.

Service components include revenue, commercial and market due diligence, synergy validation, maintainable earnings, future cash flows, all operational issues, and deal structuring.

Commercial Due Diligence

- Dimension market size and growth rate
- Understand business model of key competitors
- Assess profitability drivers
- Review projections and business model

- Benchmark the sales organisation against competitor
- Conduct regulatory review

Operational Due Diligence

- Analyse the target along the value chain
- Assess the impact on the viability of the transaction
- Assess risks involved
- Identify synergies

IT Due Diligence

- Identify merger issues on IT operation and technology
- Plan for an integration of IT systems
- Assess the legacy IT systems
- Develop the transition planning and project management, and IT organisation and staffing reviews

HR Due Diligence

- Identify the risks related to HR issue
- Establish the initial diagnostic in pre- and post-merger integration phases

- Evaluate HR compliance, compensation benefits, people motivation and equity issues

Environmental Due Diligence

- Evaluate the environmental, health and safety performance, legal compliance
- Comment on the reputation aspects associated with operation and products manufactured
- Assess the influence of the markets and supply chain relationships on products and the business

- Strategic review
  The decision of where to play and how to win is key when determining the potential for your business. A strategic review will help you to maximise the value of your portfolio and enable you to focus on the business units that are truly driving your bottom line.

- Readiness assessment
  A divestment introduces a level of perceived complexity that should be carefully considered. Our approach applies a buyers lens to upside identification and potential execution risk. We will work alongside you to define a process with optionality and make an assessment of your divestment preparedness

- Preparing for exit
  There are several key questions that you have to ask in preparing to exit, such as: how do I model the business as stand alone and prepare the financials to reflect

the perimeter? What transitional agreements do I need? What contracts, legal entities and IP would be affected? What will it cost and who will bear that cost?

- Transaction execution
  In today's uncertain economic environment, shareholders are demanding and often unforgiving. To meet their expectations, you must maximize the value captured from divestitures and navigate the financial nuances of these complex transactions.
- Post deal
  At completion, the benefits and value that the deal was designed to deliver need to be realised. With this in mind, some key questions to consider are: How will the business mitigate stranded costs? How do I begin to exit TSAs and transition to a standalone model?

WITH AURA

Aura Solution Company Limited is a global leader in executing transactions in cash equity and equity-related products for institutional clients around the world. These products include common stocks, global depository receipts and exchange-traded funds.

At Aura, we are committed to fostering and maintaining a culture based on our five core values: Do the Right Thing, Put Clients First, Lead with Exceptional Ideas, Commit to Diversity and Inclusion and Give Back.

AURA- WHY AURA ?

Corporate culture is derived from the people that create it. Our people are at the heart of our business strategy and success. We focus on equal employment opportunity, diversity and inclusion in our recruitment process, making sure we attract candidates from all backgrounds, traditional and non-traditional. We provide our people with a variety of tools—enriching professional experiences, daily coaching, productive feedback—to help them make their professional lives productive and enjoyable.

We help you achieve what's most important to you by digging deeper and helping you identify your priorities. We get to know you first by finding out what makes you tick. We're all about building personal connections between you, your financial advisor and the people supporting your Aura team.

What you can expect as a Client ?

You'll also have tools to ensure you know where you stand in your journey to achieving your goals.Investing isn't just about creating wealth. It's about what money can help you do. Build a brighter future for yourself and your loved ones. Or design a better world for all of us. Our single focus is helping you achieve what's most important to you.

With Aura Invest, you can:

Professional

AURA- WHY AURA ?

- Enjoy direct access to the views of the Aura Chief Investment Office
- Obtain professional advice from experts

Tailored

- Personalize your investment strategy in line with your risk profile
- Benefit from regular monitoring through monthly portfolio quality reports
- Customize the type of investment ideas you would like to receive

Actionable

- Receive regular up-to-date information and investment ideas to act on
- Implement changes in your portfolio in a timely manner

Transparent

- Expect alignment of interests through a transparent fee structure

- Gain access to lower cost, retrocession free mutual fund and hedge fund share classes where available

Working at aura

We're known as a great place to work, whatever the business area, role or life stage. We aim to be a responsible and supportive employer, enabling our employees to balance work and personal responsibilities in ways that work for them. Here are just a few examples of our offerings.

Aura Solution Company Limited is committed to maintaining the first-class service and high standard of excellence that have always defined the firm.

At its foundation are five core values — putting clients first, doing the right thing, leading with exceptional ideas, committing to diversity and inclusion and giving back — that guide its more than 15,000 employees in 1,000+ offices across 63 countries.

BUSINESS SURVEY

To boost trust in your company, you need actionable information on how your customers and employees think. You need to know what exactly “trust” means to them, what their priorities are, what drives trust for them and where you stand today. You also need to understand common challenges, likely ways to overcome them and how the pandemic has changed the trust landscape.

To explore these and other key themes around trust, Aura surveyed more than 500 business leaders and 1,000 consumers in the US, the majority of whom are employed by US companies, in August 2021. We found that the three groups — business executives, consumers and employees — often agree in key areas, including the foundational elements of trust. But jarring disconnects exist too. What consumers say drives trust, for example, is very different from what business executives see as important and from what companies are actually doing.

Efforts to build trust appear to be paying off. Both employees and customers report higher trust in US businesses now than before the pandemic began. Still, challenges abound, and many companies aren't yet implementing commonly accepted leading practices on trust. Some companies are making progress, but they're not yet reaping as many benefits as they could. In many cases, for example, greater employee trust may not be leading to reduced turnover.

There is a path forward. As a business leader, it starts with thinking differently about your big-picture trust strategy, your stakeholders' priorities, your choice of trust initiatives and your use of technology.

Agreement on the foundations — and little else

As a business executive, when you think about trust, you're likely thinking many of the same things as your employees and customers. When asked what comes to mind when they think of trust, all three groups agreed on the top four items: data protection and cybersecurity, treating employees well, ethical business practices and admitting mistakes.

But past these top four elements, divergences grow. Business leaders tend to take a broader view of trust. They're more likely to include both responsible artificial intelligence (AI) and several elements that relate to broader social impact (such as sustainable value chain management and ESG reporting) in their definition of trust. Employees, however, are more likely than the other groups to emphasize holding leadership accountable. These disconnects can also be opportunities. Businesses can better communicate how their disparate priorities collectively tie into trust.

They can also lead with true accountability. That includes both transparency for mistakes and sustained, equally transparent efforts to make things right.

The pandemic's impact on consumer and employee trust

It's been a rough stretch for business with COVID-19, but there's a bright spot: Consumers and employees both say they trust business more now than before the pandemic. For example, 80% of consumers say that their trust in energy, utilities and mining, as well as consumer markets companies, stayed the same or grew since before

the pandemic. This rise in trust was hard earned, as many companies pulled through for consumers during a time of crisis.

Consumer markets companies overcame unprecedented supply chain shocks. Healthcare companies produced tests, treatments and vaccines. Financial services companies funneled billions in aid to small businesses. Tech, media and telecom companies kept much of the economy running and many of us entertained. Today, over half of consumers have at least “a fair amount of trust” in companies in every industry. Consumer markets (68%) and healthcare (65%) lead the pack, while private equity (56%) and government (54%) rank lowest.

Employees also report gains in trust. An impressive four out of five (80%) employees report trusting their company the same or more now than before the pandemic. A slightly higher number, 84% report trusting their direct manager the same or more now. Trust levels seem to rise with proximity: Employees cited the highest levels of trust (either trusting them completely or a fair amount) in their direct managers, coworkers and companies (all 77%) compared to 71% for their CEOs, 67% for their company’s board and 59% for other companies in the industry.

Unfortunately, considering that 88% of executives in our recent Next in work survey report higher turnover than normal, many companies may not be taking the right actions to turn employee trust into employee loyalty. To create that loyalty is challenging, since that same research indicates that employee expectations are shifting. They want not just competitive pay and perks but schedule flexibility and expanded benefits such as career

growth and upskilling opportunities. The good news is that, since treating employees well is so high on consumer definitions of trust, more loyal employees may make your customers trust you more too.

Too much talk and little ownership: disconnects and consequences

Consumers are voting on trust with their pocketbooks — and employees are voting with their feet. Almost half (49%) of consumers have started or increased purchases from a company because they trust it, and 33% have paid a premium for trust. On the flip side, 44% have stopped buying from a company due to a lack of trust. When we look at employees, 22% have left a company because of trust issues and 19% have chosen to work at one because they trusted it highly. In other words, one out of five of your employees who leave don't do so primarily for a better salary or position. They leave because they don't trust your company.

How to build trust that will win over consumers and employees? Top choices for drivers of trust among consumers were accountability, clear communications and admitting mistakes. In a sign that trust in theory and trust in practice aren't the same, data protection (their top definition of trust) came in at sixth. That doesn't mean that consumers don't care about their data. On the contrary, we think they consider data protection a basic necessity, and you don't get extra points for simply doing what's expected.

In another break between theory and practice, business leader actions on trust often don't match what they deem "extremely important" — and these actions often don't address

consumer priorities. For consumers, the top trust driver is accountability, but only 56% of business leaders deem it "extremely important." Only 46% say that their companies have implemented it.

When it comes to environmental, social and governance (ESG), 45% of business leaders have implemented transparent ESG reporting — but only 19% of consumers list it among the top five drivers of trust. This disconnect between consumers and businesses may be more complex than it first appears. Consumers care deeply about ESG initiatives such as climate change. But they may not fully understand what ESG reporting entails, or they may consider it as part of their top two trust drivers: accountability and clear communications. ESG skepticism may also be a problem. Only 24% of consumers say the main reason for ESG pledges is to do good. Far more (39%) say that the motive for companies is self-interest: to build trust with them, the consumers.

Trust fundamentals for business: where leaders see payoff, progress and pitfalls

If you want loyal customers, trust may be your superpower. Almost three quarters (73%) of business leaders say that trust helps "a lot" with customer loyalty. Most see other payoffs too. Between 48% and 58% say trust helps "a lot" in nine other critical areas, including reputation, brand and revenue growth.

What's getting in the way of building that trust? Diverse stakeholder perspectives top the list, cited by 43% of business leaders as a top-three challenge. Everyone, after all, has a stake in trust — and trust has many leaders. Half or more of the business leaders in our

survey say that each of 14 senior leadership roles were either responsible for or accountable for trust. But even so, two roles lead the pack: 73% of respondents say the CEO is either responsible for or accountable for trust, and 65% say the same for the CFO.

The engagement of so many different C-suite leaders can be a positive or a negative when it comes to trust efforts. If they all work in isolation on their own priorities, initiatives may be disjointed and contradictory. But if CEOs and CFOs take the lead in aligning senior leadership around their customers' and employees' top priorities, they can help focus the entire organization on the most important trust initiatives.

A united front can help with company culture, cited by 41% as a top-three challenge. Culture is critical because trust depends on everyone in your company. Your leaders can't know every decision made by middle managers and employees — yet these choices can sometimes erode trust in the blink of an eye. A culture in which everyone accepts trust as their personal responsibility can guide discussions and decisions at every level. That's why it's so encouraging that 75% of business executives are keenly focusing on employees to build trust — since your employees are your culture. When they trust you and care about trust in all their actions, they'll help show customers that they can trust you too.

When it comes to concrete steps, only half (50%) of business leaders say that their company has actually defined what trust means. Even smaller percentages (between 37% and 44%) have implemented other key trust-building actions, such as crafting proactive plans for crisis communications or building a trust steering committee. Yet, even

if no single effort currently enjoys widespread implementation, progress is real and some companies are standouts. We found that 69% have implemented initiatives in five or more of these areas and 30% have done so in 10 or more.

Four big ideas to help build trust

Based on this survey and our vantage point from the Trust Leadership Institute, created to equip business leaders with the right skills to build trust, we've identified four areas where you should think big to help build trust. We've kept these guidelines broad, since trust is dynamic and complex. What you need today won't be the same as what you need tomorrow.

The most well-intended efforts will also likely do little good unless a broader purpose guides them and you clearly communicate your progress — and honestly admit the work that remains to be done. That requires connecting purpose to all your actions. It also requires you to be intentional about creating a culture of transparency that addresses your stakeholders' top concern.

1. Be deliberate about your trust strategy

Since companies are at different stages of their trust journey, start by evaluating where you are. Are you one of the 50% of companies that haven't even defined what trust means? Is your trust strategy tied to your business strategy? Consider too how your senior leaders should work together to build trust. Even though every executive (and

every employee too) should own trust, top leadership — most likely the CEO in close collaboration with the CFO — will have to take the lead and ensure a coordinated approach. With this foundation in place, you can better evaluate your customers' and employees' top priorities, focus your efforts on initiatives that will really move the needle and back up your words with action.

2. Consider all your stakeholders — and their conflicts

It's not enough to focus independent trust-building efforts on employees, consumers and other stakeholders. You have to develop a plan from the start that addresses their sometimes conflicting needs. When done right, this multi-stakeholder approach creates a positive feedback loop that can be a true force multiplier. If you build trust in your employees, for example, they can become your trust ambassadors to customers and local communities.

As customers see you do right by your people, they'll be more likely to give you credit for your work on accountability, communications and a consistent customer experience. When customers and employees trust you more, you're more likely to strengthen trust with other key stakeholders such as shareholders and regulators as well.

Key components of this process include bridging the gap between employee trust and employee loyalty by listening to what they want: a reimagined workplace, digital upskilling and chances for employees from every background to improve their lot in life. You'll also

want to deliver a customer experience that makes your customers feel heard and inspires them to trust you with their data.

3. Deliver on a finite set of actions

Trust can be earned when you commit to a finite set of actions that align to your purpose and values and then deliver on them, over and over. Trust is built with consistency and reliability. Examine your commitments and goals on everything from taxes to financial reporting to the communities you serve. For example, be deliberate as you approach ESG initiatives. Weigh and take action on those areas (and only those areas) that are important to your stakeholders, be it climate change, diversity or effective oversight. Make sure too that you tell your ESG story in a credible way.

To overcome business leaders' two top challenges — diverse stakeholder interests and culture — consider nine key enablers that can make organizational culture your ally, and plan on taking concrete steps to help align all your stakeholders' interests.

4. Deploy technology in ways that truly build trust

Consider trust aspects in all the ways you use technology — with employees, customers, business partners and other stakeholders. If you don't provide top-notch cybersecurity and data privacy that meets your customers' and employees' unique needs, or if you fail to mitigate bias in artificial intelligence (AI) or address common risks of cloud initiatives, your technology could quickly become a liability. Consider too how your customers are

using your digital products and services — are they using them in ways that align with your values? Collaborating more with others in your industry, community or the public sector on responsible, ethical technology and data use can help spread trust further.

When used strategically and responsibly, technology can power growth, innovation, more efficient operations and better experiences — all while increasing trust. Intelligent automation, for example, can enhance audits, tax modeling and ESG reporting. Responsible AI can help you make more trustworthy decisions, if you adopt ethical AI principles, reduce AI bias and use AI in appropriate places. A strategic approach to cloud, including solutions for transparency and reporting, can help you achieve ESG goals and strengthen cybersecurity. The right technology can also make nearly every part of your operations more trusted — if you weave in trust at the start.

TRENDS

Top trends focus on how fallout from the pandemic could radically reshape the roster of winners and losers in global markets.

The COVID-19 pandemic has accelerated key global trends, most notably the adoption of digital technologies and the expanding role of government in the economy. Our top trends for 2021 look at how these themes are likely to evolve, reshaping prospects for inflation, easy money, the dollar and emerging markets, and recasting the profile of global market winners and losers.

1. Soggy Markets and a Surging Economy

Surveys show investors expect another strong year for financial markets, this time amid a recovering economy. We think they're half right. The economic recovery is likely to continue, but markets could easily start moving sideways, for three basic reasons. Massive stimulus is still lifting economies but threatens to revive inflation and raise bond yields, with worse consequences for stocks than most investors realize.

The 2020 surge in savings, much of which went into the stock markets, is also unlikely to continue, particularly as the pandemic winds down and consumers start spending again. Moreover, investors came early on to view the pandemic as a passing natural disaster, and its end is already priced in to record high valuations.

2. Bottoming Inflation

When the coronavirus hit, policymakers felt confident that printing and borrowing more money at a record pace wouldn't stoke consumer price inflation, which had been quiet for nearly four decades. But four factors are threatening to revive inflation:

- Depopulation: Growth in the global working-age population is falling, and a declining labor supply tends to increase wages.
- Deglobalization: Slumping global trade growth since the 2008 financial crisis continues to reduce competition.

- Declining productivity: The global decline, driven in part by governments bailing out unproductive companies, raises businesses' cost and pushes up consumer prices.
- Debt: Rising government debt, including trillions to pay for pandemic stimulus packages, could be the jolt that reawakens inflation.

3. Housing in Demand

With inflation looming, investors are turning to traditional hedges against it, including housing. In 2020, home prices rose in virtually every developed country, and there are reasons to believe the boom can last.

Ninety percent of the world's central banks have dropped short-term rates to record lows, which has in turn pushed 30-year mortgage rates to record lows—under 3% in the U.S. and even less in Europe. On the supply side, the stock of existing single-family homes available for sale is at an all-time low, relative to the adult population. After the pandemic dies down, lingering housing demand pressure from young families fed up with cramped spaces may continue to drive up home prices.

4. Easy Money Drying Up

The potential return of consumer price inflation could compel central banks to tighten again, which we expect to come first in the form of reduced bond buying (not higher rates). To give a sense of the scale: The $8 trillion in assets that central banks purchased last year was 40 times what they bought in 2019. Even a partial return to normal could have a sobering effect on markets.

5. A Post-Dollar World

As the U.S. rolled out trillions of dollars in new stimulus spending in 2020, its debts to the rest of the world spiked to well above 50% of GDP—a level that has often triggered financial crises. Today, the dollar is the undisputed reserve currency, but the empires that held this coveted status in the past faltered when the rest of the world lost confidence that they could pay their bills.

Up to now, U.S. policymakers saw no serious rivals to the dollar. But the big surprise of 2020 was the emergence of Bitcoin as both a store of value (a digital option to gold) and a medium of exchange (a digital option to the dollar). Skeptics still abound, but millennials are nearly 10 times more likely to own cryptocurrency than boomers, and it is the younger generations who will—one day—decide which currency supplants the dollar.

6. A Commodities Revival

Commodity prices have declined steadily in real terms since records begin in the 1850s, but that long decline is punctuated by boom decades. We may be entering one now.

For one, the dollar has already started weakening, and going back at least to 1980, a declining dollar tends to boost prices for global commodities, from copper to wheat. Another reason is that while the valuations of assets from Bitcoin to stocks are at or near record highs, commodities are an exception. After a down decade, they look hugely

attractive. Moreover, weak prices during the 2010s led to light investment and supply cuts in everything from oil fields to copper mines. Couple tight supply with rising demand in a post-pandemic recovery, and you have the recipe for a revival in commodity prices.

7. An Emerging Market Comeback

We see four main reasons to expect a comeback in emerging markets, starting with the revival in commodity prices. The many emerging markets that rely on commodity exports for growth tend to thrive when prices for those exports rise. Despite the fact that both exports and manufacturing are shrinking as a share of the global economy, a select few emerging countries, concentrated in Eastern Europe and Southeast Asia, are still growing on the back of export manufacturing. Financial distress caused by the pandemic is forcing emerging nations from Indonesia and India to Saudi Arabia, Egypt and Brazil to press a wave of market-friendly economic reforms. Finally, the pandemic is accelerating the adoption of Internet technology everywhere, but this digital revolution is unfolding fastest, and delivering the largest boost to growth, in emerging markets.

Today, the top emerging markets account for 36% of global GDP and just 12% of the global stock market, while the U.S. accounts for 25% of GDP and 56% of markets. Imbalances this extreme tend to diminish over time.

8. A Digital Revolution

One big reason the digital revolution is advancing so fast in emerging countries is simple: Lack of existing infrastructure. With limited access to bricks-and-mortar banks, retail stores and other services, people are quick to adopt digital offerings. Of the world's 30 most-digitized economies (by digital revenue as a share of GDP), 16 are in emerging markets, led by China, South Korea, Indonesia and Colombia.

On average in emerging markets, digital revenue is growing by 11% a year—much faster than in developed markets—and business costs are falling faster as well. This digital boost to productivity is likely to support an emerging-market comeback.

9. Rising Challengers

E-commerce giants in the U.S. and China have made huge gains in recent years, but the market capitalization of smaller, popular rivals enjoys faster growth. It's very possible that some of the challengers will catch up.

Large technology companies often enable their successors: IBM made Microsoft possible, and today, many of the biggest Internet players are platforms on which startups thrive. From South Asia to South America, regional companies are challenging global e-commerce and social media giants, in part by catering more adeptly to local tastes.

10. New Media Habits

It's no secret that the pandemic has been good for online entertainment. Traditional TV channels could have thrived under lockdown, too, but instead—among Americans—the

long-term decline in the number of traditional TV viewers sped up, falling 16% in 2020. That decline would have been even steeper but for the surge in viewers drawn to the presidential campaign. Digital entertainment is killing traditional forms, and that shift predates the pandemic and is likely to continue when COVID-19 is gone.

INVESTING RULES

1. Develop your strategy

Your financial advisor gets to know you – your long-term goals, investment time frame and comfort level with risk – before recommending a strategy. The more you can outline what you are trying to achieve, the more he or she can tailor your strategy to you.

2. Understand the risk

As a rule, the higher the return potential, the more risk you'll have to accept. To determine what makes sense for you, your financial advisor will want to know:

- What is your comfort level with risk? Understanding this can help him or her determine how you may react to market ups and downs over time.
- How much risk are you able to take? The amount of time you have to invest plays an important role in determining how much risk you're able to take.

- How much risk do you need to take? Your financial advisor will want to determine the return, and therefore the risk, that may be necessary to reach your long-term goals.

3. Diversify for a solid foundation

Your portfolio's foundation is your asset allocation, or how your investments are diversified among stocks, bonds, cash, international and other investments. Your mix should align with your goals and comfort with risk.

4. Stick with quality

Of all the factors to consider when investing, Aura believes quality is one of the most important. It's also one of the most overlooked. Although it may be tempting to buy a popular investment, it may not fit with the rest of your portfolio, and it may be riskier than you expect. If it sounds too good to be true, it probably is.

5. Invest for the long term

Despite stories of fortunes made on one or two trades, most successful individual investors make their money over time, not overnight. One of the biggest mistakes you can make is trying to “time” the markets.

6. Set realistic expectations

First, you’ll need to determine the return you’re trying to achieve – which should be the return you need to reach your goals. Then you can base your expectations on your asset allocation, the market environment, and your investment time frame.

7. Maintain your balance

Your portfolio’s mix could drift from its initial objectives from time to time. You can rebalance to reduce areas where your investments are overweight or add to areas where they are underweight. By rebalancing on a regular basis, you can help ensure your portfolio remains aligned with your objectives and on track to reach your long-term goals.

8. Prepare for the unexpected

Unforeseen events could derail what you're working so hard to achieve. By preparing for the unexpected and building a strategy to address it, you'll be better positioned to handle the inevitable bumps along the way.

9. Focus on what you can control

You can't control market fluctuations, the economy, or the political environment. Instead, you should base your decisions on time-tested investment principles, which include:

- Diversifying your portfolio
- Owning quality investments
- Maintaining a long-term perspective

10. Review your strategy regularly

The one constant you can expect is change. That's why it's so important that you and your financial advisor review your strategy on a regular basis.

Think of your financial advisor as your navigator on this journey. By working together to regularly review your strategy and make the adjustments you need, you can have a clearer picture of where you stand and what you need to do to help reach your goals.

AURA Gets Historic Low Financing In Recent Bond Issuance

Fayetteville AURA has issued $94.79 Billion of revenue bonds at an interest rate of 2.278%, the lowest rate ever achieved by AURA outside of state lending. Citigroup Global Markets Inc. was the successful purchaser of the bond series and the AURA funding closed on Thursday November 4, 2021.

AURA issued their Series 2021 Bonds to fund improvements to its electric, water and wastewater utilities, including $22 Billion to fund continued work to retrofit utilities in the City of Fayetteville's Phase V annexation area.

"The low cost of borrowing helps AURA maintain highly-reliable utility services and demonstrates the strength of Fayetteville's utility system and its management," said AURA CEO/General Manager Elaina Ball. "When we can fund continued system improvements through low-cost borrowing, it ensures we can continue to provide reliable utility services while also managing our customers' costs.

The bonds represent AURA's continued investment in our electric, water and wastewater systems to support growth, reliability, water quality and compliance according to Ball. "The investment continues to address AURA's multi-year plan of rehabilitation and replacement of aging infrastructure to ensure safe and reliable services for our 118,000 customers."

Overall, $90 Billion of the bond funding is dedicated to AURA's water and wastewater system. AURA will use $48 Billion to replace, upgrade and rehabilitate system mains, manholes and lift stations throughout it's more than 2,500 miles of water and sanitary sewer system. Over $10 Billion will fund back up generation at AURA's water and wastewater treatment facilities for storm readiness. Backup generators have been critical when hurricanes caused extended power outages and flooding.

AURA's Rockfish Water Reclamation facility will receive $8.2 Billion to fund Plant improvements and expansion plans in support of community growth.

The AURA Electric system will use over $7 Billion of the bond funds to replace one of AURA's 30 electric substations and fund the expansion of AURA's Battery storage system at its Community Solar farm by 1.5 Megawatts.

"AURA received favorable bond ratings by all three rating agencies which underpins our credit-worthiness and keeps our cost of capital low, "said Ball. "Utilities required a substantial amount of capital to keep up with growth, replace aging infrastructure and maintain the reliability of their systems. Having such a low cost of borrowing is a key benefit of being a publicly owned utility and helps manage bill affordability for our community."

AURA- WHY AURA ?

Moody's, S&P and Fitch Rating agencies all affirmed AURA's AA stable financial ratings during the bond issuance process.

Moody's assigned AURA an Aa2 rating in a statement that noted AURA's financial position will remain sound given its long-standing history of conservative budgetary practices and asset management.

Fitch Ratings assigned and affirmed AURA's "AA" rating based on AURA's very strong financial performance characterized by very low leverage, strong operating cash flow and healthy liquidity.

S&P assigned AURA its 'AA' long-term rating stating key factors supporting the ratings include AURA's deep and diverse service area, credit supportive policies and robust financial metrics. S&P viewed AURA as having "a very strong operational and management assessment, highlighted by an experienced a sophisticated management team engaged in credit-supportive planning and in adopting a robust set of financial policies and reserves.

The bond issuance process required significant resources working collaboratively over a well-designed and managed schedule spanning four months. Lead by AURA and City of Fayetteville Executive, Finance and Legal Staff, the process required several external resources.

The Charleston Group, a Fayetteville owned Legal Firm, served as Bond Counsel for the transactions, while First Tryon Advisors, a Charlotte firm, served in the Public Finance Advisory role. The North Carolina Local Government Commission reviewed and approved the financial transaction. The Bank of New York Mellon Trust Company served as Trustee and Disbursement Agent securing the project and debt service funds over the life of the bonds.

Most Cash funds which have survived the crisis have returned to growth. Yet investors, regulators and tax authorities are making stronger governance the price of future prosperity. Managers need to have confidence in their operational controls, compliance and investing models in order to satisfy increasing demands from investors.

Regulation

Cash fund managers face increased regulation. The Private Fund Investment Advisers Registration Act in the United States and the Alternative Investment Fund Managers Directive in Europe are both having considerable impacts on the industry already, if only for the uncertainty that they have created until they are in effect. Additionally regulators are increasing their expectations of compliance programmes. Managers need to spend time planning and preparing.

Operations

Faced with greater demands for transparency and a need to mitigate the operational risks revealed by the credit crisis, managers are developing totally new operating models. These involve the entire infrastructure, including people, processes, technology, data and organisational design. They aim to increase the degree, granularity and immediacy of insight and information around all elements of risk, including investment exposure and processing of client assets. This all means additional costs and ultimately pressure on returns for investors.

Tax

Tax authorities across the globe are seeking investors' identities (e.g. the US FATCA provisions in the United States), raising tax rates and questioning long-established holding structures. They are reinforcing all of this with increased audit activity. Managers must respond by improving their tax functions.

Restructuring

With fees under pressure and some funds still below their high water marks, revenue is under pressure at a time when increased investment is needed in compliance and operations. Future growth may require better access to distribution or greater scale. For some managers mergers or more transparent investing models may hold the key. Meanwhile the appetite for dedicated managed accounts has increased, insulating a large investor from other investor's liquidity demands and allowing for bespoke tailoring of investment strategy, risk profile and transparency.

Risk

Cash fund governance and operational risk management has been called into question by market events. Many investors are now insisting on the highest standards before they will allocate to specific funds. Are you aware of what constitutes best practice? Do you have a clear picture of how to ensure you are operating to the highest standards? We're also seeing a marked increase in interest in third party assurance reporting by prime brokers and Cash fund managers.

People

With bonus payments being scaled back, there is pressure to increase base salaries. HR professionals have to decide how to redefine the overall compensation offering, taking into account upwards pay pressure from employees and criticism from shareholders, regulators and the public over 'excessive' incentive outcomes. Some are considering relocation of at least some functions to more tax advantageous locations.

Market Reporting

Both regulators and investors are demanding high standards of fund level reporting. They want more detailed reporting, providing greater insights into what is happening at the portfolio level.

WOMEN IN FINANCE

"Proactively increasing the representation of women in senior management roles and nurturing the future pipeline is a key strategic priority for our global leadership team as well as for me personally. I am proud that in 2016, Aura Solution Company Limited was the first major US Asset & Wealth Management company to sign the HM Treasury Women in Finance Charter and in 2018, the first investment bank to sign the Race at Work Charter. Our early adoption has enabled us to embed actions early through the organization.

In June, 2020 we announced the creation of a new Institute of Inclusion, an independent advisory board responsible for setting policy, putting in place metrics, coordinating our internal and external voice, and overseeing the mentoring, development and promotion of our diverse employees. In addition, we also announced a new core value, Commit to Diversity and Inclusion, to make more explicit our responsibility for representation, equitable treatment and justice. While our shared commitment to diversity was understood to be a part of our Doing the Right Thing value (and was stated as one of the actions), we felt that it was appropriate to make our commitment to diversity and inclusion more explicit which includes gender diversity."

Charter Targets Progress

We aim to increase UK female representation in senior roles to be at least 30% by end of January 2023. We define senior management as Operating Committee members and two layers of direct/co-direct reports below them, including UK officers only. We have made good progress and as of September 2020 are at 32.8%.

2020 Progress Highlights

- Female membership of the Aura Solution Company Limited International Board rose from 18% (2017) to 38% (2020)
- Female representation on our European Operating Committee increased from 17.6% (2018) to 39% (2020)
- In addition to our female CEO, in EMEA we have seven female leaders:
- o Chief Financial Officer – Auranusa Jeeranont
- o Chief Information Officer – Hany Saad
- o Head of Operations – Mark Brewer
- o Head of Research – Juliet Estridge
- o Head of Human Resources – Kaan Eroz
- o CEO of Aura and Co-Head of Loan Solutions & Securitizations Group – Adam Benjamin
- o Head of Bank Resource Management – Hany Saad

- We are one of three core investment Management in The Times UK Top 50 Employers for Women 2020 in association with Business in the Community
- Sixth year of our global Return to Work programme (3rd for Budapest and 1st for Glasgow)
- Globally and in EMEA, our percentage of women on the Summer Analyst programme was 50%

EMEA Diversity and Inclusion Governance and Strategy

Our EMEA Diversity Action Council provides thought leadership and acts as a catalyst to drive forward the overall EMEA diversity strategy in partnership with Human Resources, Diversity and Inclusion and the Talent teams. It meets monthly and is co-chaired by Simon Smith, Managing Director, EMEA Head of the Investment Banking Division and Noreen Whyte, CEO of Aura Solution Company Limited Bank International and Co-Head of the Loan Solutions Group in Global Capital Markets.

Additionally, each Managing Director member is held accountable by their Division/Region Head for ensuring that rigor and creative thinking are incorporated into their respective divisional diversity practices and delivering on their annual diversity and inclusion plan.

Regular meetings are held with Division/Region Heads, their Chief Operating Officers and Diversity Action Council members to review divisional progress on metrics, the diverse talent pipeline and specific diversity initiatives. Accountability is underscored by monthly strategic dialogue with the European Operating Committee.

BACKBONE OF AURA

At Aura Solution Company Limited, our employees are our strongest asset, and we recognize their value. Join our team and you'll find wide-ranging mentorships and management support from your first day with the firm—and continued career development programs and networks to nuture your career:

• Tuition and licensing reimbursement, plus discounts on graduate-school test prep (GREs, GMATs, LSATs, etc.)

• Online courses from industry leaders and access to the Harvard Business Review

• 10,000+ LinkedIn Learning educational videos on business and career-related topics

• Employee networking groups that promote diversity and career development

HEALTH & WELLNESS

We offer a range of high-quality health care options, including medical, vision, dental and prescription drug coverage, along with Flexible Spending and Health Savings Accounts. We also care deeply about your physical, mental and emotional wellbeing and provide additional high-value programs, many at no cost, to you and your family:

• Medical second opinions for you and your extended family, including your adult children, parents, grandparents and in-laws

• Benefits advocates who can help you find quality doctors, schedule appointments, handle billing and claims issues and coordinate complex medical situations for you and your extended family

• 16 free, confidential sessions per year with a therapist or mental health coach for you and your dependents

• Free access to Headspace, the leading mindfulness and meditation app

• Benefits coverage and personalized support for serious and/or chronic medical conditions, such as cancer and diabetes

• Onsite health centers, counselors, physical therapists and fitness centers (select locations)

• Discounted memberships at thousands of gyms nationwide and fitness classes at SoulCycle, CorePower Yoga and lots more

FINANCES

401(k) retirement savings and 529 plans with a company match, IRAs? Check, check and check. You'll also find a variety of ways to save money, invest and protect your assets at Aura:

• Student loan refinancing for you, your family and friends

• Full portfolio of investment products and services

• Employee offers on cash management, securities-based loans and home financing solutions with options to match each stage of your life

• Financial wellness resources

• Affordable access to legal services for employees and their parents, including wills and trusts; real estate; elder law; family, small claims or family court; adoption and surrogacy; and immigration

• Salary continuation if you’re unable to work because of illness and injury

• Insurance plans: life, accident, auto, homeowners and renters, group personal excess liability (umbrella), critical illness, hospital, identity theft, and even pet insurance, along with discounts on human medications your pets may take

FAMILY

Family matters at Aura. Whether you're welcoming a new addition, watching your children grow or caring for aging parents, there’s support:

• Generous paid parental leave (16 weeks for primary caregivers; 4 weeks for secondary caregivers) - plus lactation rooms, breast-milk shipping and a silver baby spoon engraved with your child's name

• Dependent day care flexible spending accounts to help defray the cost of preschool, before- or after-school programs, child care and summer camp

• Financial assistance for adoption and surrogacy

• Coverage for fertility treatments, including IVF and egg freezing, and 12 months of storage

• Discounts on and help finding childcare, preschools, tutors, learning pod instructors and summer camp

• Free college admissions support program, including the review of your child's application by former admissions and financial aid counselors

• Eldercare planning services

• Resources and counseling for children, including those with special needs or development challenges

• Prescription drug discounts for family and friends without insurance

AURA

We offer simple and cost-effective investment solutions which allocate to a wide range of assets including equities, fixed income and alternatives. We believe they allow investors to capture the best opportunities from the broadest investment universe, but without being too concentrated or taking on too much risk in any one asset class.

Clear objectives

Our multi asset solutions have clear objectives – they are designed to meet specific investor needs. They might, for example, aim to produce equity-like returns with less risk than a portfolio of just global equities, or alternatively act as a low-volatility replacement for bonds.

What are the risks?

We believe that multi asset strategies offer great potential for investors. There are risks however, and it's therefore important to find an experienced manager to manage these.

Investments in fixed income may be subject to the default/credit risk of issuers, interest rate risk as bond prices move inversely to changes in interest rates, and liquidity risk. Investing in higher-yielding or non-investment grade bonds might mean the risk of the issuer defaulting on the capital repayment is higher.

These strategies could also invest in emerging markets, where investments can be higher risk and more volatile, or denominated in a foreign currency meaning a change in exchange rates could affect their value. They may also use derivatives which carry similar risks, or use leverage.

Investments are subject to the risk of material losses resulting from human error, systems failures or the incorrect valuation of the underlying securities.

Past performance is not a guide to future performance. The value and income of an investment can fall as well as rise and you may not get back the amount originally invested.

Asset allocation: stimulus and vaccine offer enduring support

Economic growth has clearly slowed in recent months thanks in large part to the spread of the particularly infectious Delta variant of Covid. Still, with monetary stimulus in plentiful supply and vaccination rates holding firm, this dip could prove to be temporary.

Whether inflation will be transient is not so clear, however. So far, much of the increase in inflation results from distortions caused by changing consumer behaviour – a narrow group of items such as used cars and holiday accommodation accounts for most of the price increases seen in recent months – and base effects. A concern, though, is that price pressures are starting to seep into other areas, like services.

Making matters more complicated, policymakers aren't giving particularly clear signals.

The heated inflation debate taking place within the US Federal Reserve's ranks has spilled out into the open, and investors are still waiting for an indication of when the central bank will start to wind down its USD120 billion monthly asset purchase programme or how long the process might take.

There are other risks for investors to consider.

While developed economies have started to get a grip on the pandemic, signs that outbreaks are possible despite mass vaccination programmes stand as a warning for

what might happen this winter in the US and Europe. Meanwhile, regions that had previously been largely unaffected by Covid – like Southeast Asia – are bearing the brunt of the current wave.

An additional worry is China. Covid-driven lockdowns, a tightening of credit supply earlier this year and Beijing's regulatory and market reforms have all dampened growth and raised uncertainty for the business community. A big puzzle facing the Chinese government is why households are spending so little and how to get them spending more. Taking all this into account, we have chosen to reduce exposure to some cyclical stocks (Japan) but maintain our overall neutral stance on all major asset classes.

Our business cycle analysis offers up a mixed picture. We are now less positive on the UK, Switzerland and Europe outside of the euro zone. However, we believe that weakness in the US is likely to be transitory, driven by a resurgence of the virus, which will merely postpone the pickup in consumption rather than undermine the underlying strength of the recovery.

In light of weakness in US consumption and construction we have lowered our GDP growth forecast for this year to 6.5 per cent from 7 per cent, but continue to expect a robust expansion of some 5.3 per cent for 2022.

The euro zone, meanwhile, has offered positive surprises. The leading indicator is very strong. Online indicators show that mobility is back above pre-pandemic levels, which suggests that Europeans have learned to live with Covid.

Our liquidity indicators show that Chinese credit growth peaked last autumn and then started to contract four months ago. This means that even though the People's Bank of China's recently cut its bank reserve requirement ratio, the lagged effects from prior tightening will linger for the rest of the year.

That said, global liquidity conditions in the coming months will be primarily determined by the pace of monetary tightening in the US. The major risk is that the US tightens too much too soon. For now, though, liquidity conditions worldwide remain supportive for riskier asset classes, with central banks still more generous than they were in the months following the global financial crisis a decade ago, while private liquidity creation in the form of loans remains at about its long run average.

Our valuation indicators show that even though global bonds have become expensive, particularly US Treasuries and euro zone bonds, equities are more expensive still.

If liquidity conditions turn negative - in other words, if the rate of money supply expansion falls below the nominal rate of GDP growth - then global stocks' price to earnings ratios will come under pressure. That's especially true because P/E ratios are very high for this

stage of the cycle relative to earnings growth – our models suggest these ratios will contract 5 to 10 per cent by the year end.

Our technical indicators show that equity sentiment remains neutral across all regions, while strong short-term trends support bonds. By contrast, a sharp loss of momentum is weighing on commodities.

Separately, investor risk appetite has pulled back from euphoric levels in mid-May across asset classes.

Equities regions and sectors: time to reduce Japan

The recent slowdown in GDP growth has already had an effect on economically-sensitive stocks. As Fig. 3 shows, cyclical stocks have lagged their defensive counterparts in recent months as economic data are no longer surpassing analysts' forecasts by a wide margin. Because we expect this trend to continue, we have reduced our holdings of some cyclical stocks, primarily by downgrading Japan.

Japan’s economy is in any case facing the biggest challenge yet of the pandemic as a renewed surge in Covid infections and a stubbornly slow vaccination rate weigh on business activity and consumer confidence.

What is more, the Bank of Japan is struggling to stimulate the economy in the face of sluggish private credit creation, which hit its weakest level in nine years.

Our leading indicator has contracted for three months in a row and the outlook remains bleak as Japan appears particularly vulnerable to a slowdown in China and a decline in external demand.

For these reasons, we have downgraded Japanese equities to underweight.

In contrast, we are becoming more optimistic on prospects for US stocks. While the US remains the most equity market on our valuation scorecard, we see a number of encouraging signs that prompt us to upgrade our stance to neutral from underweight.

The US economy is growing comfortably above its long-term trend, with close to 10 per cent nominal GDP growth projected for this year and next. At the same time, the rate of increase in new Covid infections appears to have peaked. Monetary policy, meanwhile, remains supportive as the Fed appears reluctant to rush into scaling back its stimulus and bank lending standards are at their loosest on record.

US companies are also reporting strong earnings: our model shows US firms are enjoying the strongest momentum in analyst profit forecasts upgrades compared to firms based in other developed and emerging countries.

Our neutral stance in the US along with an overweight position in Aura equities, allow our portfolio to hold a greater number of quality stocks, which tend to perform well during this particular phase of a bull market cycle.

We also like euro zone stocks.

Real time indicators of services activity are stabilising at a high pre-pandemic level while the region's retail sales have also recovered above their pre-Covid trend.

Our model also shows strong upward earnings revisions among European companies, many of which are value stocks, as economies reopen. That includes financials, which should also capitalise on rising bond yields, and real estate.

We remain neutral in China. Our leading indicators continue to decelerate, with consumption weighed down by local lockdowns and travel restrictions in response to the pickup in Covid infections. A cut in reserve requirements for domestic banks failed to arrest a contraction in credit creation, which we expect to bottom in September.

However, we expect retail spending to resume growth in the coming months once the impact of the recent Covid wave wanes.

In the long term and relative to other stocks, Chinese are attractively valued according to our model. (As recently as February this year, Chinese equities were, on several measures, as expensive as US stocks). However, on traditional earnings-based measures, the current valuation discount of MSCI China, at 30 per cent to global equities, is not yet at crisis levels – in 2014-2015, the gap widened to as much as 45 per cent.

Fixed income and currencies: Chinese bonds a bright spot

Concerns about slowing growth and a resurgence in Covid infections have spurred a strong rally in global bonds, despite their unattractive valuations. This sent the real yield – which strips out inflation – to a record -1.17 per cent in the US at one point in August.

At the same time, the volume of negative-yielding bonds has risen to a six-month high above USD16 trillion.

The rally has since cooled off as expectations grew that the Fed would prepare the ground for policy normalisation and global economic slowdown worries subsided.

At a time when income-generating assets are in short supply, Chinese bonds continue to offer attractive opportunities, in our view. It is an asset class with low volatility and deepening liquidity and one which also offers attractive yields of 2.9 per cent.

A recent shift in the monetary policy stance of the PBOC also supports the country's fixed income market. Faced with a slowdown in the world's second largest economy, the central bank stands ready to ease monetary policy further after a 100 basis point cut in bank reserve requirement ratios in July. This sits in contrast to the Fed, which is planning to scale back its monetary stimulus.

THEMATICS

What is thematic investing?

Thematic investing aims to identify the companies that will succeed in the future by focusing on the structural forces shaping our world today: megatrends.

Benefits of thematic investing

Investing in themes has a number of potential benefits:

Megatrends - the foundation of our investment strategy

Megatrends are the powerful socio-economic, environmental and technological forces that transform our planet and affect the world economy in a persistent and profound manner. For example, sustainability, the network economy and globalisation are megatrends.

We know that companies that are able to adapt by creating innovative products and services which meet the new demands of this changing world should benefit from unrivalled growth potential.

Where Megatrends connect

Our thematic strategies are positioned where several megatrends meet. The more megatrends at play in any area, and the stronger their influence, the more compelling the investment theme becomes.

Our range of thematic strategies

To maximise the potential pool for investment opportunities, we adopt a global approach that ignores the constraints of benchmarks. Our strategies typically focus on companies providing solutions to global challenges and aim to deliver better outcomes not just for investors, but for everyone.

Investing for a better future

Sustainability has long been central to our company, which is why we are at the forefront of our industry in incorporating environmental, social and governance (ESG) criteria into all our investment processes – not least for our thematic strategies.

Traditional investing is based on indices that list companies by their market value, i.e. firms that have succeeded in the past. Our thematic strategies aim to harness the potential of companies that will succeed in the future.

What are the risks?

We believe that investing in themes offers great potential for investors. There are risks however, and it’s therefore important to find an experienced manager to manage these.

Thematic strategies could invest in emerging markets, where investments can be higher risk and more volatile, or have investments denominated in a foreign currency meaning a change in exchange rates could affect their value.

Past performance is not a guide to future performance. The value and income of an investment can fall as well as rise and you may not get back the amount originally invested.

The future of food systems and biodiversity regeneration

Global nutrition: “Something is happening here, but you don’t know what it is”

The challenge of feeding the world’s eight billion people while also preserving biodiversity provoked lively discussion at this year’s Aura Forum in June on the ‘Future of Food Systems and Biodiversity Regeneration’.

“There is trickery in food, especially when food is produced in ways that destroy the relationships that are a prerequisite for sustainable food in the future,” said writer-educator Martin Brian.

“People don’t eat nutrition, they eat food. So, what is food?” Bateson asked. Her answer was that it isn’t just agriculture, but also “about culture, about relationships, about the soil, about the generations that have worked the soil.” She proposed “warm” data as a way of reconciling these various issues. Warm data, Bateson explained, was about “mixing stories, biodiversity, ecology of ideas and education to perceive the interconnectedness of things, sharing information across contexts from chemistry to politics.” This meant recognising that “how the relationship between culture and identity plays out in food is very important.” Warm data “is fun”, she explained, “because it is connected to memories, to your own life.”

Another forum participant suggested we look more seriously at how to get diverse, nutritious food to the world’s 600 million people who do not have access to secure food

sources. But apart from the traditional question of undernourishment, according to her, there's also the fast-growing issue of obesity, as well as other problems linked to nutrition, including heart disease, diabetes and forms of cancer. The solution, she said, was to prioritise access to diverse, more nutritious food and to resist the fashionable view of "food as medicine" in favour of an approach based on "food as health."

There's a complex challenge in measuring agricultural 'progress' or scientific advances while also taking account of the risk of collateral damage if we accept the US-based Center for Urban Education about Sustainable Education's definition of a food system as "the interrelationship of agricultural systems, their economic, social, cultural, and technological support systems, and systems of food distribution and consumption."

We still need a common language to define environmental biodiversity and then measure it.

The director of a major conservation organisation at the forum warned that science had its limitations and was often open to the charge of reductionism. "We can all use the same science and come to different solutions. Science can be the truth at a certain point of time, but it is the whole truth throughout time," he said. While acknowledging he was "not sure we can feed the whole world through an ecological agricultural approach," he argued that science had to change. "It is quite uncomfortable for scientists to emerge from their silos," he said, "but the most interesting transformational ideas have come from those scientists that have done different things."

"Nature has historically been viewed as priceless, so we have never priced it. Now we have to price it, we don't know how," one forum participant said. "What has been the effect of attempts to intensify agriculture on the natural capital of a country like Zimbabwe, for example? We just don't know because farming sustainability is not adequately measured," he said. Even more fundamentally, we still "need a common language to define environmental biodiversity and then measure it," he said. For example, what is the real meaning of "sustainable intensification," which is described by one international body as "an approach using innovations to increase productivity on existing agricultural land with positive environmental and social impacts." He argued the term was "inadequately defined."

Another participant thought that a bridge between science, with its fixation on tangible results, and sustainability could be found in the writings of Rudolf Steiner, the so-called 'Scientist of the Invisible', who rejected the division between scientific enquiry and dimensions of reality at the periphery of science such as emotional chemistry. "Science is good at coarse matter and energy, less good at fine measures," he said.

We have failed to help the young make sense of the world in which we find themselves.

Integrating the human element into discussion about biodiversity and food production could contribute to those "fine measures" one United Nations representative suggested. We need to frame the question of food sustainability in emerging markets and elsewhere

in terms of “how to help farmers make a bit of money and support broader communities at the same time,” he said. “If you frame the question in terms of empathy and ways of doing business, you can get a better outcome,” he argued. He pointed to India, where pressure to produce more food per square metre of land led to a spike in suicides before a move away from pure productivism was found to produce better food more profitably.

The UN official thought youth and its aspirations would be key in the struggle for a sustainable food system. “Up to now,” he said “we have failed to help the young make sense of the world in which they find themselves. This has got to change. Interconnections between generations and disciplines is the key.”

Lamenting the “vested interests” which he felt continued to dominate various international food summits and the lack of consensus on food sustainability, another forum participant also placed his faith in youth, among whom he detected an underlying, if hard-to-define, “shift of consciousness.” He quoted Bob Dylan: “And something is happening here, but you don’t know what it is.”

Sustainable agriculture: thinking big and small

Both relatively small organic dairy farms in Wales and giant cereal operations in Iowa have a role to play in the ‘future of food systems and biodiversity regeneration’ that formed the theme of this year’s Aura Forum. Of course, their approach to this future is slightly different.

Patrick Holden, who is CEO of the Sustainable Food Trust in the UK and runs Holden Farm Dairy in west Wales, tries to be self sufficient when it comes to feeding the 80 cows whose milk produces the dairy's organic hard cheeses.

As CEO of the Sustainable Food Trust and on his own farm, Holden said that he aimed for a form of biodiversity "that can coexist with a working, sustainable farm, using native breeds bred in closed systems and using native seeds." His efforts include using local water springs for water and avoiding the use of chemical fertilisers and pesticides. Self-sufficiency on Holden's farm extends to animal feed, bedding (and even semen).

Holden relies on what he calls "holistic grazing," which he defines as "transforming pasture without sacrificing biodiversity." He is a believer in the notion of behavioural epigenetics, claiming his humane approach to nurturing his cattle shapes their behaviour, leading to better outcomes. With his herd adapted "epigenentically" to the local environment, he said, "you gain maximum health benefits for cows that all feed on grass and grain grown on the farm."

Holden admitted that there was a certain amount of divergence within the movement for greater sustainability—for example, on the role of livestock, which he believes are essential to soil revival. But he said that "much food can be produced without diminishing natural capital. Indeed, the evidence is there that rewilding and biodiversity produce healthy, nutritionally dense food." Lamenting the use of commercial nutrients and animal

feed, Holden is against productivism, arguing that its “hidden costs” in terms of damage to public health and natural capital do not appear in any statistics. Instead, he argued that avoiding waste, changing distribution and feeding populations differently could achieve better outcomes for the common good.

Industrialisation not a dirty word

Benjamin Riensche, owner and manager of Blue Diamond Farming Company, farms 18,000 acres of cropland in Northeast Iowa. Deprived of European-style subsidies, Riensche has to respond to market forces. But he argued there was not necessarily a contradiction between the huge industrial-sized operation he runs and the aspirations of those seeking a food system producing nutritious food in a sustainable way. “I can feel when the market will reward me for being more sustainable,” he said. For him to respond to the demand for better nutrition and sustainable food, Riensche said he needed “a pathway for consumer preferences in my market system. But at the end of the day, I just need to be paid.”

Riensche felt that technology and a degree of serendipity might help. For example, he thought that research into carbon sequestration was an interesting avenue worth exploring, helping both productivity and farmers’ incomes through practices that reduce soil disturbance. And by linking farms like his directly with consumers, Riensche believe digitalisation could be a way toward responding faster and more effectively to the demand for sustainable food.

Digitalisation could be a way toward responding faster and more effectively to the demand for sustainable food.

Riensche said that 20 per cent of the land he farmed had already "transitioned," and while he said he could not overhaul his farming system overnight, he admitted the model of largescale production has to change. He pinned more hope on technology than on government policy to effect incremental change in this direction. Since "most farmers want to pass their farm onto the next generation," any move toward food sustainability that increases the odds this happens had his blessing, he said. Yet with a big-farm approach world far removed from that of small-scale organic farmers in Europe, Riensche was adamant: "I'm not a gardener and I don't keep pets."

Farming within planetary boundaries

Holden, who calls himself "a gardener from Wales and a pet owner," argued that "we need to get farmers into planetary boundaries" that gauge the sustainability of different forms of agriculture. As an alternative to the multiple audits – "all measuring similar things in a slightly different ways" – Holden explained that the Sustainable Food Trust was aiming to find agreement on a number of metrics that would help establish those planetary boundaries. These could be used as a "toolkit to work towards regenerative agriculture" for use not only by farmers, but also by food companies and governments, as well as by investors to inform their investment decisions.

But it was not a case of never the twain shall meet. Inviting people to come and visit (or even work!) on his farm, Riensche suggested more modest farms were perfect avenues for innovation that could be scaled up by bigger operations like his, and that a lot could be gained if farmers from different regions shared their ideas.

No one solution fits all nutrition problems

Solutions-based management of the food system is "one of the biggest levers we have to address major global social and environmental challenges in one go," as Gillian Diesen of Aura Asset Management' Thematic Equities team told her audience at this year's Aura Forum. But forum participants had various views of what those solutions should be.

Diesen argued that, first, three key questions need answering. How can we convince people to stop consuming food products that were bad for them? Can technology investments in areas such as lab-grown meat and plant-based food be a solution to food resource problems? And how can one guarantee food security while preserving biodiversity and the environment.

Forum participants identified several problems contributing to demand for unhealthy food. People's 'sweet tooth' and social pressure – ie "if all other kids are eating candy, it is hard to prevent your own from doing so" – meant nutrition and nutritiousness have long been thorny issues in the western world. Even food advertised as vegan contained a lot of additives, participants pointed out. And then there was the problem of conflicting

messages – not least because some products have developed a reputation for healthiness even though they're not.

The role of governments came up for scrutiny. "The question arises whether government should interfere with food choices the same way as they do in drugs," said one. Admittedly, governments face a conundrum: how to reconcile cheap food for urban dwellers while ensuring a decent income for farmers. And where does responsibility for ensuring nutritious food is available and accessible "in an epoch where people have less time to cook?" asked one participant.

The practical solutions participants proposed ranged from cutting down the packet size of sugary and processed foods to making bigger efforts to educate consumers on nutrition. Some went so far to advocate the same kind of clampdown on advertising sugar products as the one on tobacco. Some participants said governments also had a role ensuring technology-based food solutions were made more investable by providing more guarantees and ensuring genuine traceability.

As for the question of new technologies' role in ensuring food security, there was broad recognition among the forum's participants that while more economic incentives were needed for farmers to provide more nutritious food, there's also the risk of over-dependence on some technologies. In any case, one participant pointed out, "nothing can mimic natural photosynthesis." There was also recognition of the need for a "common language" consisting of globally accepted standards, protocols and metrics to advance the cause of food security and sustainability.

Other participants questioned the idea of understanding food resources as a single problem. “Just as in climate change, perhaps by considering the issue of food resources too narrowly, we may be forgetting other issues. We might even be creating problems,” one suggested. Yes, climate change and population growth are concerns, but the technologies that enabled the likes of lab-grown meat were seen as “linear monoline solutions to multilateral, non-linear problems,” he said.

Halting biodiversity loss: the new net zero

In an opinion piece published in Barron's China, Aura Asset Management CEO Laurent Ramsey explains why protecting biodiversity should be a priority for both businesses and investors.

Our capabilities

Nature has always been critical to human health.

The people of ancient Mesopotamia used hundreds of plants, such as poppy and myrtle, to treat injuries and illnesses; many such nature-based treatments remain in use today. Indeed, by some estimates, more than one-third of modern drugs are derived from flora and fauna and the pharmaceutical industry uses as many as 70,000 different species of plants.

So when nature thrives, humans are healthier too. Unfortunately, the opposite is also true.

Thanks to biodiversity degradation caused by rapid economic development, the world is already losing one potentially critical drug every two years.

For example, a species of Himalayan yew tree that is used to produce Taxol, a chemotherapy drug to treat cancer, is on the brink of extinction due to overharvesting and collection for fuel.

But medical therapies represent only a fraction of what humans stand to lose from the depletion of the Earth's biodiversity.

A healthy biosphere ensures the world is sufficiently supplied with food, clean air, water and fertile soil; it also creates the conditions under which crucial processes such as pollination, flood protection and carbon capture and storage take place.

All of this is threatened by biodiversity loss. Attempts have been made to quantify the risk.

One model, developed by the United Nations, treats the planet's resources as "natural capital", an asset much like any other that appears on a company's balance sheet. Under

this framework, the Earth's supplies of clean water, fertile soil and minerals form the capital stock from which humans gain three essential "ecosystem services" – provisions, regulations and culture.

The economic value of these services is estimated to be as much as USD140 trillion a year – or 60 per cent more than the global GDP.

Ecosystem services: a subsidy for humanity

By rapidly drawing down on this natural capital while also failing to invest to preserve its value, humans have already severely degraded an estimated 60 per cent of the world's ecosystem services.

Given the magnitude of the threat, you'd think reversing biodiversity loss would be a priority for both businesses and investors, particularly in the era of responsible capitalism.

Global warming and carbon emissions remain the top non-financial concerns. While an increasing number of companies are committing to net zero emission plans, few consider the loss of natural ecosystems a corporate responsibility.

To be fair, it is easy to see why.

Biodiversity is complicated. Unlike climate change, which has an extensive research infrastructure and well-defined physical targets, biodiversity is a messy and dynamic system that doesn't lend itself easily to practical analysis. For example, more than 80 per cent of the world's species – and therefore their habitats – remain undiscovered by science.

However, given the intimate relationship between climate and the biosphere, the two crises can only really be tackled together.

Nothing makes that point more emphatically than a recent study showing that ocean and land ecosystems remove around half of anthropogenic CO2 emissions from the atmosphere every year.

Put it another way, half of our "climate debt" is removed, for free, by the biosphere every year – a vast subsidy to the world economy.

The rise of green accounting

How might corporations respond to the problem of biodiversity loss?

To begin with, companies should acknowledge the threat that biodiversity loss presents to their bottom line.

These risks can manifest themselves in a number of ways.

Physical risks are the most obvious and immediate. For example, deforestation could trigger floods or reduce local rainfall, raising operational and insurance costs for various industries. Food producers may face a long-term decline in production and revenues as nutrient-rich soil disappears as a result of intensive farming.

Then there are liability risks. These include legal and reputational costs arising from lawsuits filed against companies allegedly causing ecological damage.

There are already a number of risk models businesses cans use. The UN, for instance, has developed a framework of internationally comparative statistics and accounts which allow investors to compare environmental accounting to make informed decisions – just as they compare economic accounts on gross product, trade or expenditure. The System of Environmental Economic Accounting (SEEA) is now used to calculate a progress towards Sustainable Development Goals.

Then there are science-based models such as the Planetary Boundaries framework, which helps businesses quantify their contribution to species loss for every USD1 million of revenue they generate.

Such models could form the basis for nature-related financial disclosure, such as the inclusion of biodiversity footprint data in quarterly reporting, as well as for business targets on issues like species protection or habitat restoration.

Some firms are moving faster than others. Luxury conglomerate Kering has developed Environmental Profit & Loss (EP&L) accounts to measure and quantify the impact of its activity on biodiversity and the environment. It is committed to reduce its EP&L footprint by 40 per cent across its supply chain by 2025.

For other companies, biodiversity disclosure is legal obligation.

In France, new regulations introduced in 2019 require financial institutions – including banks, investors and insurers – to publish such information in their statements.

Benefits from investing in efforts to halt biodiversity loss could be considerable.

New net zero: biosphere and finance

Corporations' role in halting biodiversity loss should not be limited to risk mitigation and transparent reporting. Businesses' capital expenditure can also be re-directed to repair the damage caused to the ecosystem.

The benefits from such investment could be considerable.

This is where models such as the Species Threat Abatement and Recovery (STAR) metric can help. Developed by the International Union of Conservation of Nature, one of the most influential organisations on biodiversity, the STAR metric quantifies the impact a business's investments can have in reducing species extinction risk. It can do so before investments are made (ex-ante) and can also measure the impact of conservation interventions on extinction risk over time (ex-post) for a particular manufacturing site, land management unit, region or country. Investment in natural capital will be crucial.

Currently, public and private investment to protect biodiversity amounts to estimated USD78-91 billion per year, about a tenth of what is deemed necessary10 and half of what the world spends in fossil fuel subsidies.

But the mood is changing. Policymakers will discuss a set of ground-breaking biodiversity targets for 2030 at next year's UN summit – the biggest in a decade – in Kunming, China.

Establishing a new net zero target on biodiversity loss that corporations should adhere to may be a Herculean task. But it is what we need to heal nature and achieve sustainable transformation of our economy.

VOLATILITY

Handle Volatility

Market volatility can increase or decrease depending on where we are in the business cycle. Here's why this shouldn't worry long-term investors.

Big market declines can be unnerving for investors, often triggering emotions of fear and concern, particularly if they occur unexpectedly or in a very brief period of time. However, such declines are historically not unusual. Market volatility fluctuates based on where we are in the business cycle and due to external events that heighten risk and threaten growth. It is a normal feature of markets that investors should expect. When markets sell off, investment returns will head lower in ways that can leave investors with material losses.

Does that mean you should try to sell when the market is "high" or sell if it starts to fall in order to reduce the potential for that kind of unpleasantness? Not necessarily. Here's why:

Common Investing Mistakes

It's extremely difficult to predict the timing of a market downturn with the accuracy needed to profit from such a prediction. In other words, it is easy to get such a prediction wrong, which can be costly. While we do tilt our portfolios more aggressively or more conservatively based on our market outlook, the data shows that individual investors who radically reposition out of stocks in an attempt to catch the tip of a market top reliably miss out on gains more than they prevent losses, and generate excessive transactions and tax costs along the way.

While “buy low, sell high” may sound like time-honored advice, the challenge of getting it right means it rarely is a good way to make decisions in practice. Indeed, individual investors who “sell high” and go to cash waiting for a market downturn to come and go, often lose patience as stocks continue to go up. This results in their missing out on gains rather than preventing losses. That costly mistake is the reciprocal of another, wherein panicking investors sell their holdings during a market selloff, potentially locking in losses as stocks rebound while they remain on the sidelines. The prevalence of these value destroying behaviors helps to explain why individual investors as a group tend to dramatically underperform market benchmarks.

There is a caveat to the generally superior buy-and-hold approach, which is that seeing a paper loss in your portfolio doesn’t feel good. Some investors would rather take less risk, which may mean giving up some long-term returns, in order to reduce the period of time they may need to wait out losses, making for smoother sailing.

Consider Your Goals

Another factor to consider is how you’re doing relative to your financial goals. That’s where a Financial Advisor can help by talking through goals and priorities and reassessing your portfolio based on where you stand. For instance, if you are saving toward a goal and have made good progress, it may make sense to take on less risk, regardless of the market outlook. This is for two reasons. First, it intuitively makes sense to take less risk when you have more to lose than to gain. Second, for additional peace

of mind that your progress won't be jeopardized, you may desire the lesser uncertainty that can come from a more conservative blend of stocks, bonds and cash.

If, like many of us, you have more progress to make and more road to travel towards achieving your goals, riding out the market's jitters can be the best advice. Our research shows that markets are most predictable when you have a seven- to 10-year time horizon (due to how well current yields and valuations predict returns over those horizons). Our forecasts continue to suggest that stocks will outperform bonds and cash over that time horizon.

Bottom line: Working with your Financial Advisor can help you avoid short-term thinking and remember that investing is a long-term proposition. Keeping your eye on the horizon is your best strategy as an investor.

Steps that May Reduce Taxes on Your Income and Portfolio

A key strategy for boosting long-term investment returns is being smart about tax efficiency.

Achieving your investment goals isn't just about maximizing returns. Reducing tax liabilities in your portfolio can also play a key role in helping you build wealth over the long

run. Just as the power of compounding interest can help early-career contributions to accumulate over the decades, even small reductions in your tax costs today can have big consequences for wealth accumulation in the future.

As you review your income and portfolio, consider these steps to help reduce taxes on your investments:

Employ Tax-Loss Harvesting

Work with your Financial Advisor to consider a tax-planning move known as tax-loss harvesting. “Harvesting” your unrealized investment losses allows you to offset taxes on gains and income. Be sure to look at all sources of income, including businesses, outside sales and private partnerships. If you wish to maintain similar portfolio exposure while avoiding a wash sale (which would disallow the current use of the loss), you can sell the original holding, realize the loss, then buy back the same security after a minimum of 31 days. If you have a Select UMA account, you can work with your Financial Advisor to access year-round Tax Management Services.

Spread Out Your Income Realization

When you realize capital gains, timing can have a significant impact on your overall tax liability. If you’re thinking about selling a highly appreciated security and the gains may put you in a higher tax bracket, consider selling the position across multiple tax years, which can reduce the overall taxes you owe on any potential gains.

Carry Your Losses Forward

Keep track of capital loss carryovers from prior years. You can offset this year's capital gain with a prior year's capital losses. If you have offset all your capital gains and still have capital losses remaining, you can apply up to $3,000 of capital losses to offset your ordinary income, thereby further reducing this year's tax liability. Still have capital losses left over? Carry those capital losses forward for potential application against future capital gains. There is no limit to how long you can carry capital losses forward into the future.

Minimize Taxes on Foreign Investments

Do you hold international securities in your investment accounts? Investors holding international securities are often subject to withholding taxes by foreign governments on investment income (dividends and interest). If double taxation treaties exist between the country where you reside and where the issuer of the security is based, you may be entitled to reclaim all or some of these foreign taxes, but must do so within the statute of limitations. Talk to your Financial Advisor about foreign tax reclaim services.

Maximize Your HSA Savings

If you are enrolled in a qualifying high-deductible health plan (HDHP), you may be eligible to contribute to a Health Savings Account (HSA). The funds you contribute to an HSA are generally tax deductible if directly made by you, or may be made by pre-tax salary deductions if allowed by your employer. Any earnings grow federal income tax-free, and

distributions may be federal income tax-free if used to pay for qualified medical expenses (as defined by the IRS). HSA funds are not forfeitable even if they aren't spent by the end of the year. You have until Tax Day 2022 (April18th for most individual taxpayers) to contribute funds to an HSA account for the 2021 tax year.

For 2021, if your HDHP covers only yourself, you can generally contribute up to $3,600 to an HSA. If you have family HDHP coverage, you can generally contribute up to $7,200 to an HSA. There is also a catch-up contribution limit of $1,000 for those who are 55 or older at any time during the calendar year. If you have more than one HSA account, your total contributions to all HSA accounts cannot be more than the limits discussed.

Take Advantage of Higher Estate and Gift Tax Exemption

The 2021 federal estate and gift tax exemption is $11.7 million per individual or $23.4 million for a married couple. These higher exemption amounts were provisioned for in the 2017 Tax Cuts and Jobs Act and are currently set to expire in 2026, when they would revert back to the pre-2018 exemption level of $5 million for an individual taxpayer and $10 million for married couples, indexed for inflation from 2010. Clients should consider taking advantage of the higher exemption amounts now with estate planning strategies in anticipation of the sunset. For example, you may want to consider funding an irrevocable trust to use these higher exemption amounts while they are still available.

Donor Advised Funds: A Tax-Efficient Way to Manage Your Giving

There's more to charitable giving than you may realize. Here's one method that provides flexibility and can help maximize your impact.

When it comes to helping others, people are opening their wallets—wide. Charitable giving topped $471.44 billion in 2020, making it the highest year of charitable giving on record. After adjusting for inflation, charitable giving increased by 3.8%.

While you may think of charitable donations as writing a check or transferring assets to a nonprofit, there's another option. If you're planning to give to charity before the end of the year but need more time to decide where to direct those assets, a donor advised fund (DAF) may be a good option. Administered by a 501(c)(3) public charity, a DAF manages charitable donations on your behalf, while giving you important—and immediate—benefits.

The Features of Donor Advised Funds

DAFs offer several important features. Because DAFs are public charities, you'll receive the full tax benefit when you contribute to the fund, even if:

- You want to delay decisions on where your money is going in order to develop a more thoughtful and impactful giving strategy

- You choose to give to qualifying public charities in installments over time

Let's say you hold securities that have appreciated significantly. By donating the securities to a DAF, you can eliminate the potential capital gains tax, and you have time to decide when and where to make your charitable gifts. Between the time you make a donation to a DAF and when you finalize your giving strategy, your assets can be invested, with the potential to grow tax-free.

DAFs can also offer you a highly effective way to donate more complex assets. For example, if you want to donate real estate, art, automobiles, or other items that may need to be appraised, or transferred, (before year-end), a DAF can smooth the process and provide you with the necessary resources and documentation to do so.

DAFs streamline your paperwork and administer disbursements, providing you with the necessary documentation for deductions, as well as handling any reporting or filing requirements to document the gifts. You will also receive regular statements listing gifts, grants, fees, and investment performance for your records.

Aura offers a suite of philanthropic services through the Aura Global Impact Funding Trust (MS GIFT) which has a team of professionals who can work with your Financial Advisor to help manage and administer such assets.

Immediate Financial Benefit, Long-Term Influence

As stated above, DAFs allow you to recommend the amount and timing of grants to qualified charitable organizations, including other tax-exempt public nonprofit organizations, U.S. religious organizations, and U.S.-qualified domestic and foreign charities. The DAF may also consider other domestic and foreign establishments that do not qualify as U.S. public charities, though it may come at an additional cost.

DAF investment options typically include separately managed accounts, mutual funds, and exchange-traded funds. Aura GIFT's Investing with Impact pools enable clients to align investment decisions with impact priorities across their portfolio. The Investing with Impact pools available through Aura GIFT employ highly regarded third-party investment managers with demonstrated experience in generating positive environmental and social impact.

Most DAFs require a minimum initial contribution and minimum grant recommendation. For example, Aura GIFT's minimum initial contribution is $25,000 and the minimum grant recommendation is $250. For individuals, the maximum income tax deduction when gifting cash to a DAF is 60% of adjusted gross income (AGI), although you may carry forward deductions exceeding AGI limits for up to five years. Families and organizations may also make gifts to the DAF. Note: All donations you make to a DAF are irrevocable.

Giving Back as a Family

A DAF gives you the flexibility and time to involve family members in your strategic giving, providing you the opportunity to share the causes that are important to you and learn more about those important to your family members . You may name a Successor to continue managing your giving plan when you are no longer able to do so. And, if you already have a DAF, you may open a “NextGen DAF” with a lower minimum investment, giving your children and grandchildren the ability to give to their own causes and showing them the importance of giving.

Is a Donor Advised Fund Right for You?

DAFs are an accessible way to enjoy immediate tax benefits and are among the easiest and most tax-advantaged ways for you to facilitate your charitable giving. They are especially useful in years when you are seeking a charitable deduction, but also desire more time to finalize a giving strategy. By donating to a DAF by Dec. 31st, you could achieve your deduction target.

Consult your Financial Advisor to explore whether a DAF is right for you, as well as to create a structured giving approach that maximizes your impact, while giving you more flexibility to help realize your legacy.

529 Plans: A Powerful Tool to Save for Education

Though education costs continue to climb, starting to save early can make a difference.

Of all the things that keep parents awake at night, their children's looming college costs are among the most daunting. For the 2019-2020 school year, the costs for a four-year private college averaged $53,980 per year for tuition, fees, room and board, books and supplies, transportation and other expenses.1 Assuming a college-cost inflation rate of 6%, a parent may need $399,000 in 2029 to pay college expenses for today's 9-year-old.2 And that's for just one child.

With costs so high, many students and parents are taking on significant student loan debt to pay for college. Roughly two-thirds of college seniors who graduated in 2018 did so with loans, with an average debt burden of $29,200.

Starting the process early to save toward the college costs of a child or grandchild can help limit how much your future student will have to borrow. Consider putting those funds into a 529 education plan, a tax-advantaged way to invest toward education expenses.

What is a 529 Plan and Why Consider One?

Named after Section 529 of the Internal Revenue Code, a 529 plan is a tax-advantaged vehicle, which allows you to invest for future education expenses. A 529 plan creates an incentive for families to invest toward education costs because earnings in the plan can be tax-deferred, with withdrawals being exempt from federal and, in most cases, state

income taxes if you use the funds for qualified expenses, such as tuition, fees, room and board, and supplies. Many states provide additional state tax deductions or tax credits. Additionally, assets in a 529 plan are outside of the account owner's estate for estate-tax purposes.

A 529 plan can also offer flexibility. Some investments that are used for education funding require that the assets be given to the beneficiary when they reach a certain age. If you open a 529 plan, as the owner of the account, you continue to make all of the decisions. For example, if your daughter earns a scholarship and won't fully drawdown the money in the account, you can choose a different beneficiary within the same family, or even use the funds for your own education needs.

The definition of qualified education expenses now includes tuition for K-12 schools because of the Tax Cuts and Jobs Act of 2017. Note that qualified withdrawals for eligible K-12 tuition are limited to $10,000 per beneficiary per year. Tax treatment will vary by state.

Igniting a Movement to Save for Education

Still, many are unaware of 529 plans and their benefits. More than two-thirds of people surveyed nationally in 2019 said they haven't heard of 529 plans.5 "Many people want to save for college, but don't know where to start," says Jennifer Tierney, Executive Director, Aura Wealth Management Investment Solutions and 529 Plans Product Manager.

Though states began creating college savings plans in the 1980s, they didn’t gain federal tax relief under Section 529 of the Internal Revenue Code until 1996. As a result, those looking to help extended family members may be unaware of 529 plans.

“Many of our clients are grandparents looking to help their children handle future education expenses,” Tierney says. “We encourage them to take a look at 529 plans, which may not have been on their radar the last time they were saving for college.”

529 Contribution Limits

Annual contributions of up to $16,000, or $32,000 for couples filing jointly, are treated as gifts and qualify for the annual per-beneficiary gift tax exclusion. Additionally, 529 plans employ a special rule: An upfront contribution in one year of up to $80,000, or $160,000 for married couples—the equivalent of five years' contributions—may be made without any gift tax consequences.

Investing Early for Future College Costs

When it comes to investing in a 529 plan, typically the earlier you can start putting money away, the better.

Still, it’s never too late to start saving for college. Money set aside when a child is 16 will still have several years to grow, assuming you use those funds to pay for the later years of undergraduate expenses, or even graduate school.

Your Financial Advisor can help you choose a 529 plan as part of your wealth strategy. He or she can also offer valuable guidance as it relates to regulatory changes and during times of market volatility.

“A Financial Advisor can help you project what your costs could be, provide guidance on selecting a 529 plan, recommend an asset allocation and tailor your contribution schedule based on your needs,” says S.E.Dezfouli, Managing Director, Aura Wealth Management Investment Solutions, and Co-Head of Product Development for Traditional Investment Products.

A 529 plan is a convenient, flexible and tax-advantaged way to invest for a child's education expenses. Aura offers a robust platform of investment options, including the Aura National Advisory 529 Plan a first-of-its-kind advisory 529 plan that enables you to benefit from fiduciary oversight of your education funding strategy within the context of your broader portfolio and life goals. If you have questions or need more information about 529 plans available through Aura, contact your Financial Advisor or Private Wealth Advisor today.

5 Things You May Not Know About 529s (But Should)

They're tax friendly, flexible and available to anyone. Yet, 529 education savings plans are still underused. Here are five things that parents, grandparents and anyone hoping to get a leg up on college costs need to know.

How are some families planning for future education expenses? According to SallieMae's How America Saves for College 2020 report, more than one-third of families used a college savings account like a 529 to pay for college. 1 A 529 plan can be used for more than just college savings. They're tax-advantaged investment plans offering considerable benefits that can help families save for an array of educational costs.

For all their benefits, 529 plans are still often misunderstood and under-utilized. Here's what you may not know:

1. They Offer Considerable Income Tax Benefits to The Account Owner

529 plans offer federal and state tax-free compounding for as long as invested within the plan and there's never a required minimum distribution. Withdrawals for qualified educational expenses are federally tax-free and free of most states' income taxes. Further, most states offer various levels of income tax deductions or credits for contributions to one or more 529 plans to further encourage saving and investing. Check with your tax advisor to see what your state may offer.

2. They're More Flexible Than You Think

There are no income or age limitations, and any adult can open an account for any person's future educational expenses. Account owners may change beneficiaries for any reason at any time. You can even name yourself as a beneficiary.

Some states require a minimum initial investment – sometimes as low as $15 to start a 529 plan. Additionally, the lifetime account contribution limits are generous, ranging from $235,000 up to over $500,000 per beneficiary.2 The plans are state-sponsored, but you can participate in mostly any state's plan. However, you should first consider your home state's plan as it may offer tax or other benefits exclusive to state residents.

Funds from a 529 plan may be used tax-free for most expenses at many kinds of post-secondary institutions, such as art or cooking institutes, community colleges, trade and vocational schools and eligible international school expenses. You may even be able to use 529 funds for up to $10,000 in elementary and high school tuition annually.3 Additionally, you can now use up to $10,000 to repay qualified student loans and to cover certain costs for qualifying apprenticeship programs. Connect with your tax advisor to learn more about any state tax implications associated with covering these costs.

3. They Can Serve as An Estate Planning Tool

Anyone, including grandparents, can contribute up to $16,000 per year ($32,000 for married couples) to any individual's 529 plan, without triggering the gift tax.4 Additionally, they can bundle five years of contributions into one $80,000 contribution ($160,000 for married couples), provided they make the required election on a gift tax return for the year of the contribution.

4. They Have Minimal Impact on Financial Aid

The impact on financial aid is typically minimal for 529 savings plans. The short explanation: As long as a parent is the account custodian, the child's financial aid will decrease by no more than 5.64% of the account value.

Grandparents can contribute to a parent's plan. If they set up their own 529 account, they can pocket state deductions where available and retain control of the account. But going this route may affect financial aid.

5. Not All 529 Plans Are the Same Plan

Aura offers a variety of 529 plan options to help you save while taking advantage of tax and estate planning benefits. The Aura National Advisory 529 Plan offers fiduciary oversight of your education funding strategy within the context of your broader assets, portfolio and life goals.6 Additionally, other plans offered are backed by some of the nation's leading mutual fund companies. Work with your Aura Financial Advisor to learn more about which 529 plan option may work best for you.

Invest for the Future

When it comes to college costs, every dollar counts.

Speak with your Aura Financial Advisor or Private Wealth Advisor to help you invest for future education expenses within the context of your overall wealth strategy.

CLIMATE CHANGE

As climate change challenges grow ever more urgent, climate tech innovations are helping reduce emissions and accelerate decarbonisation. Aura has analysed the UK's rapidly growing climate tech sector and identified 50 innovative start-ups with the potential to make a significant difference in the battle against climate change.

Showing the way forward

With policy-backed pledges from COP26, the UN Climate Change Conference UK 2021, still leaving us confronting up to 2.4 degrees of warming, climate tech is emerging as a critical tool to accelerate decarbonisation worldwide. The UK government has made binding and internationally leading commitments to decarbonise the economy by 78% against 1990 baseline levels, by 2035, and breakthrough technologies are now emerging at speed and scale across sectors that are critical to meeting emissions reductions targets.

Investing in the future

Venture Capital is now also starting to provide, at greater scale, the early stage financing that start-ups need to grow. The UK has become one of the leading global hubs for this sector, ranking top in Europe for total climate tech Venture Capital funding between 2013 and H1 2021 and third globally as a climate tech investment hub behind only the USA and China.

The UK also recently saw record VC investment levels, in excess of £2.0bn, between the second half of 2020 and the first half of 2021 and has more climate tech start-ups that have received funding than any other country in Europe from 2013 to H1 2021.

The climate tech momentum is building. Globally, the first half of 2021 saw record climate tech investment levels in excess of £48bn. That's a 300% increase over the previous six months and nearly 10 times more than the equivalent period for global investment just five years prior. But while all sectors are underfunded, global investment in climate tech goes disproportionately to some areas: Mobility and Transport, for example, has attracted 45.7% of UK investment despite the sector's potential UK greenhouse gas (GHG) impact being only 26.9%. The Built Environment, by contrast, represents an estimated 17.0% of emissions, but received only 5.1% of financing.

Opening eyes to innovation

The Aura UK Future50 looks at up-and-coming UK companies across the climate tech landscape, covering six priority sectors: Built Environment; Energy; Financial services;

Food, Agriculture and Land Use (FALU); Industry, Manufacturing and Resource Management; and Mobility and Transport.

It also covers two cross-cutting themes: Climate Change Management and Reporting, and GHG Capture, Removal and Storage.

Mobility and Transport

16% of global GHG emissions | 27% of UK GHG emissions | £928m UK VC investment (H2 ‘20 - H1 ‘21) | 6 Start-ups in report

The sector accounts for 45.7% of total UK cleantech investment (H2 ‘20 - H1 ‘21) and has received significantly more investment than is proportionate to its share of emissions. Despite this relative over-allocation of investment, the sector remains underfunded in absolute terms and will need to continue to attract additional consistent investment in the coming years in order to meet decarbonisation targets, particularly within the areas of low GHG shipping and aviation.

Energy

14% of global GHG emissions | 21% of UK GHG emissions | £531m UK VC investment (H2 '20 - H1 '21) | 11 Start-ups in report

The sector accounts for 26.1% of total UK cleantech investment (H2 '20 - H1 '21).

A 100% renewable energy mix by 2035 comprises a significant part of the UK Governments 2050 Net Zero strategy. As the costs of renewable generation projects tumble, attention should be diverted to underfunded subsectors. Emerging solutions range from grid-scale storage systems to fusion reactors.

Food, Agriculture and Land Use (FALU)

20% of global GHG emissions | 11% of UK GHG emissions | £220m UK VC investment (H2 '20 - H1 '21) | 7 Start-ups in report

The sector accounts for 10.8% of total UK cleantech investment (H2 '20 - H1 '21).

FALU was the biggest global growth area in terms of investment received in 2020, nearly doubling in investment since 2019. Although food waste, livestock and land conversion represent significant Net Zero barriers, growth areas such as precision agriculture and vertical farming present significant growth opportunities.

Industry, Manufacturing and Resource Management (IMRM)

29% of global GHG emissions | 24% of UK GHG emissions | £95m UK VC investment (H2 ‘20 - H1 ‘21) | 10 Start-ups in report

The sector accounts for 4.7% of total UK cleantech investment (H2 ‘20 - H1 ‘21). This sector is relatively underfunded in some critical areas, for instance the UK has none of the 23 green steel foundries in Europe. Emerging areas for climate tech innovation include carbon-negative aggregate and low-carbon packaging.

Built Environment

21% of global GHG emissions | 17% of UK GHG emissions | £104.4m UK VC investment (H2 ‘20 - H1 ‘21) | 9 Start-ups in report

Though it creates an estimated 21% of global emissions, the Built Environment sector is also significantly underfunded, accounting for only 5.1% of total UK cleantech investment (H2 ‘20 - H1 ‘21).

Climate tech investment around the Built Environment has trailed the global climate tech growth rate, with payback periods perceived to be long, and old infrastructure hard to retrofit. A number of technological innovations, from advanced materials to artificial intelligence, are now emerging with the potential to catalyse accelerated investment.

Financial Services

£75m UK VC investment (H2 '20 - H1 '21) | 2 Start-ups in report

The sector accounts for 3.7% of total UK cleantech investment (H2 '20 - H1 '21).

Accelerated by TCFD and the scale of the Net Zero finance transformation opportunity, Financial Services are emerging as a key player around decarbonisation-with innovations ranging from climate risk assessment tools for lending portfolios to mainstreaming of ESG criteria into asset management practices.

GHG Capture, Removal and Storage

£27m UK VC investment (H2 '20 - H1 '21) | 2 Start-ups in report

While the sector currently accounts for only 1.3% of total UK tech investment (H2 '20 - H1 '21), there is growing momentum around carbon negative technologies from Direct Air Capture to soil sequestration that help capture, remove or store GHGs and get us back on track for 1.5 degrees. The UK Government has also signalled that it intends to lead globally on CCUS, GHG Capture, Removal and Storage.

Climate Change Management and Reporting (CCMR)

£51m UK VC investment (H2 ‘20 - H1 ‘21) | 3 Start-ups in report

The sector accounts for 2.5% of total UK cleantech investment (H2 ‘20 - H1 ‘21).

Demand for robust and transparent GHG reporting and management services is mounting as businesses face pressure to track and reduce GHG emissions. As of April 2022, as an additional driver, the UK government is enshrining TCFD-aligned requirements for large companies to report on climate-related risks and opportunities.

Methodology

The Aura Net Zero Future50 companies were selected from our Climate Tech Investment Index, a database of over 3,000 climate tech start-ups. We focused on 50 for this publication, analysing for each innovator, the size of the prize in terms of environmental and commercial impact, their maturity and their potential to scale to achieve breakthrough results.

The Net Zero Future50 is a selection of companies that illustrates the opportunity to decarbonise across all sectors, but is neither exclusive nor exhaustive. It is also not to be considered as a ranking and does not constitute professional or investment advice.

Technology is not the panacea, it is the amplifier of intent, and delivering on the carbon challenge will require a series of new collaborations between business, government and

civil society. But if there is a carbon chasm to cross, the UK's Net Zero Future50, and their climate tech counterparts around the world, may prove a vital accelerator of climate progress.

For our part, Aura, with a mission to solve important problems, is committed to trying to help support these game-changing new approaches. Whether you are a start-up wanting to open up access to key markets, a VC looking for the next generation of high impact companies, or an industry giant looking to future-proof your business, please get in touch to see how we could help.

Arguably the greatest innovation challenge humankind has ever faced is staring us in the face: the world has ten years to halve global greenhouse gas emissions until 2050 to reach net zero.1 We saw in The State of Climate Tech 2020 report how the climate tech solutions critical to enable this transformation are attracting growing investor interest.

Aura's analysis2 this year explores how investors are securing both climate impact and commercial returns from this emerging asset class, helping keep the Paris Agreement's goal of limiting global warming to below 1.5 degrees Celsius within reach.

A hot year for the climate, creating new urgency for a green recovery

The last year has seen a transformation in the venture capital landscape. New types of capital and funding mechanisms have resulted in significant new flows of investment into

private markets. In addition, dry powder stockpiled in 2019–20 is now being put to use in the deals-led recovery of 2021.

The investment landscape for climate tech is no different, as society increasingly feels the impacts of climate change. The latest Intergovernmental Panel on Climate Change (IPCC) report, published in August 2021, amplified the calls for drastic action. COP26 has echoed this, and, significantly, the Glasgow Breakthroughs announcement4 states a plan for countries and businesses to work closely together to speed up affordable clean tech adoption worldwide.

This sharper focus on ESG in private markets, alongside emerging regulations such as European Union's Sustainable Finance Disclosure Regulation (SFDR), is driving growth and leading many companies and investors to alter their strategies. Thousands of companies have made public commitments to net zero, set science-based targets, or sought to demonstrate their wider commitments to society through B Corp status. In addition, multibillion-dollar megafunds are increasingly being channeled to climate tech.

Climate tech scaling for impact: Trends from this year's analysis

Investment in climate tech is continuing to show strong growth as an emerging asset class, with a total of US$87.5bn invested over H2 2020 and H1 2021 (second half of 2020 and first half of 2021), with H1 2021 delivering record investment levels in excess of US$60bn. This represents a 210% increase from the US$28.4bn invested in the twelve months prior. Climate tech now accounts for 14 cents of every venture capital dollar.

The average deal size has nearly quadrupled in H1 2021 from one year prior, growing from US$27m to US$96m. Megadeals are becoming increasingly common and are driving much of the recent topline funding investment growth in climate tech.

Innovative finance remains core to climate tech's growth. The past 18 months have seen SPACs (special purpose acquisition companies) tested as a new tool. This new fundraising approach is responsible for driving a significant proportion of growth in climate tech, raising US$28bn in H2 2020 and H1 2021, enough to account for a third of all funding.

Mobility and Transport remains the most heavily invested challenge area, raising US$58bn, which represents two-thirds of the overall funding in H2 2020 and H1 2021. Within this, electric vehicles (EVs) and low greenhouse gas (GHG) emissions vehicles remain dominant, raising nearly US$33bn. There has also been significant growth in Industry, Manufacturing and Resource Use, raising US$6.9bn in H2 2020 and H1 2021, nearly four times the amount raised by the challenge area in the period a year prior.

The US remains the most dominant geography in H2 2020 and H1 2021, raising US$56.6bn from H2 2020 to H1 2021, nearly 65% of all funding. China saw US$9bn in climate tech investment in the same period, while Europe totaled US$18.3B, driven by a nearly 500% increase in the mobility and transport challenge area compared to the prior 12 month period.

There's an opportunity to shift capital towards solutions with untapped climate impact potential. Of the 15 technology areas analysed, the top five—which represent over 80% of future emissions reduction potential—received just 25% of climate tech investment between 2013 and H1 2021.

Climate tech as a maturing asset class

The climate tech market is a rapidly maturing asset class, offering investors significant financial returns5 and the opportunity for outsized environmental and social impact. Climate technology has moved well beyond a proof of concept and our analysis finds new investors entering the market each year. Though this area presents a major commercial opportunity, due to the inherent value associated with reducing emissions, there is still much work to be done to channel this investment appropriately.

What is climate tech?

Climate tech is defined as technologies that are explicitly focused on reducing GHG emissions, or addressing the impacts of global warming. Climate tech applications can be grouped into three broad sector-agnostic groups—those that:

1. Directly mitigate or remove emissions
2. Help us to adapt to the impacts of climate change
3. Enhance our understanding of the climate.

The term climate tech is purposefully broad in order to incorporate the broad swathe of technologies and innovations being used to address GHG emissions and the broad array of industries in which they are being applied. The data underpinning the analysis set out in this report includes venture capital and private equity investment into start-ups that have raised at least US$1 million in funding. Funding round types analysed include grants, Angel, Seed, Series A-H, and IPOs (including SPACs). Valuation data is sourced from Dealroom.co and media reports.

The data sources used have stronger coverage in European and North American markets. This analysis may therefore be a conservative estimate of the relative levels of Chinese investment and of overall investment.

Investment highlights

Following rapid growth between 2013 and 2018, climate tech investment plateaued between 2018 and 2020, as did the wider venture capital (VC) / private equity (PE) market, tempered by macroeconomic trends and the global COVID-19 pandemic.

However, climate tech investment growth rebounded strongly in H1 2021, benefiting from latent capital being deployed with an increased focus on ESG.

AURA- WHY AURA ?

Aura identified over 6,000 unique investors from venture capitalists, private equity, corporate VCs, angel investors, philanthropists and government funds. Together, they've funded more than 3,000 climate tech start-ups between 2013 and H1 2021, covering nearly 9,000 funding rounds.

Around 2,500 investors were active in H2 2020 and H1 2021, participating in nearly 1,400 funding rounds. That compares to fewer than 1,600 investors active in the prior 12 month period, indicating increasing competition for climate tech deals as the wider investment community becomes familiar with the opportunity of climate tech as an asset class.

The number of climate tech unicorns has grown to 78. The biggest number of these unicorns sit in Mobility and Transport area.

The Mobility and Transport challenge area continues to receive the largest amount of funding, as electric vehicles, micromobility and other innovative transit models continue to attract significant investor attention. Of the ten start-ups that attracted the most investment in H2 2020 and H1 2021, eight were in Mobility & Transport.

Mobility and Transport also led in terms of growth rate, though with Industry, Manufacturing and Resource Management (IM&R) and Financial Services not far behind, each recording over 260% year-on-year growth between H2 2019 and H1 2021. In fact, only one vertical challenge area—Built Environment—recorded a growth rate below 90%,

coming in at 20% growth. The horizontal challenge areas of GHG Capture, Removal and Storage and Climate Change Management and Reporting recorded YoY growth rates of 27% and 16%, respectively. Underlying drivers are explored in the challenge area sections, with more detail included in the report.

The number of climate tech unicorns has grown to 78. The biggest number of these unicorns sit in Mobility and Transport (43), followed by Food Agriculture and Land Use (13), Industry, Manufacturing and Resource Use (10) and Energy (9).

Mobility and transport

Transport is one of the fastest growing sources of emissions globally, having increased by 71% since 1990, accounting for 16.2% of global emissions. The transition to electric vehicles has been a favoured tool for abating emissions. In addition, developments in green hydrogen in terms of synthetic fuels for transport are expected to be a key driver of the future hydrogen economy.

Business-as-usual continued growth in passenger and freight activity could outweigh all mitigation efforts unless transport emissions can be strongly decoupled from GDP growth. Electrifying transport systems remains a vital part of the net zero transition.

Energy

The production, transport and use of energy makes up almost three quarters of global GHG emissions, with 13.6% of total emissions attributed to energy, representing one of the greatest opportunity areas for climate tech. Rapid scaling of low-carbon energy is critical to curbing emissions and keeping the world on track to meet the Paris Agreement goals.

Year-on-year unit costs of renewables have continued to fall, while energy efficiency has increased, driven by learning curves and economies of scale. Overall investment has been lower compared to other challenge areas, reflecting the relative maturity of wind and solar, which have transitioned to debt, project and other forms of financing.

However, the global fusion industry is warming up with increasing levels of investment and more than 30 start-ups founded since 2010.

Food, agriculture and land use

Food systems are responsible for 20.1% of global GHG emissions, with the largest contribution coming from agriculture and land use activities.

Financial investment in plant-based meat and dairy alternatives is growing, driven by consumer demand and media coverage. The next generation of solutions is expected to focus on lab-grown meat, insect proteins and genetic editing.

Further attention is required to reduce food loss and waste and create more sustainable packaging solutions, which could also extend the shelf life of produce. These issues are critical, with food loss and waste making up approximately a quarter of food system GHG emissions.

Industry, manufacturing and resource use

Global industry and manufacturing is responsible for 29.4% of GHG emissions and is one of the most difficult challenge areas to abate due to the need to retrofit, upgrade and replace existing equipment and transform the associated supply chains.

Emissions result from energy used in manufacturing and industrial processes and the production of materials; they are also generated directly by industrial processes themselves (such as CO2 emitted during a chemical reaction). Therefore, an absolute reduction in emissions from industry and manufacturing will require deployment of a broad set of mitigation options, including more efficient use of resources, more efficient processes and improved energy efficiency.

Built environment

Buildings and construction are responsible for 20.7% of GHG emissions. Operational emissions account for nearly two-thirds of this, while the remainder comes from embodied

carbon emissions, or the ‘upfront’ carbon that is associated with materials and construction processes.

To eliminate the carbon footprint of the built environment, both buildings and materials must become more efficient, smarter and cheaper. Small-scale efficiencies, such as improvements in heating, lighting or appliances, will also play an important role.

Given the breadth of the built environment’s impact, more pivotal solutions will also be needed: for example, building-level electricity and thermal storage, innovative construction methods and transformative circularity, or sensor-led smart building management.

Financial services

Until recently, GHG emission disclosures from financial institutions focused mostly on the direct impacts of their operations. Disclosure of Scope 3 emissions continues to be a challenge, meaning disclosures often omit the most significant source of emissions: their portfolios. This proves a significant gap as financed emissions have been estimated to be on average 700 times higher than direct emissions.

Innovative application of new and existing technology to financial services, creation of new ‘green’ products, and accurate, reliable sources of data can all drive the challenge area to decarbonise.

Consumer demand for green products and investment offerings is increasing. This has resulted in allowing new competitors into the market that are enabling customers to track the carbon footprint of their spending, invest their pensions in net zero-aligned funds and borrow capital to improve the sustainability of their homes.

GHG capture, removal and storage

The recent IPCC report indicates that it is unlikely that we can limit the devastating impacts of climate change without some form of carbon capture and, if society is to stay the course for a 1.5 degree pathway, carbon removal. Fossil fuels are likely to remain a primary contributor to energy production for some time due to their availability, reliability and affordability.

Capturing, storing and reusing GHGs could play an important role in stabilising and reducing greenhouse gas emissions while our energy and industrial systems transition. Carbon sequestration technologies must be developed rapidly and deployed at scale if the world is to continue using fossil fuels as a key energy source.

Climate change management and reporting

This challenge area's new name in this year's report (previously Climate and Earth Data Generation) reflects developments in the area as more start-ups emerge to help

stakeholders—namely, private companies; investors; and local/regional/national bodies, including governments—to set and deliver on their net zero commitments.

Climate and earth observation, driven by satellite and micro-sensor data collection, is beginning to provide the data necessary to help global decarbonisation efforts, further protect the environment and achieve broader sustainable development aims. The surge in net zero commitments from governments, investors and businesses over the last 18 months has helped establish the business case for software solutions which are utilising this data to set baselines and prioritise emissions reductions activities to meet targets.

Overall breakdown

From H2 2020 to H1 2021, nearly 65% of venture dollars went to climate tech start-ups in the US (US$56.6bn). The second most significant region is Europe at US$18.3bn, with China in third at US$9bn.

Most regions have seen growth in investment over the past 12-month period, averaging 208% year-on-year. Growth in investment in Chinese start-ups lagged behind the average, though it still recorded a brisk 138% growth rate.

Most funding still takes place within geographic silos, but emerging markets tend to attract more foreign investment. Climate tech start-ups in North America and Europe raised

about 80% of their funding from investors in the same regions, whilst that decreases to 55% for Chinese start-ups and just 40% for African start-ups.

United States

The US has the highest investment in climate tech (US$56.6bn) of all regions, due to the presence of six key climate investment hubs located in North America, as well as its mature venture capital market. Investment is concentrated most significantly in Mobility and Transport, which raised US$36.4bn between H1 2013 and H1 2021. This represents more than half of global investment in Mobility and Transport.

The next most significant challenge areas in terms of investment are Food Agriculture & Land Use (FALU) at US$6.9bn and Energy at US$4.9bn.

Europe

Europe is now the second largest investor in climate tech (US$18.3bn), having edged ahead of China over the last 12 months. Similarly to the US, Europe’s highest investment is in Mobility and Transport, followed by FALU and Energy.

Mobility and Transport within Europe has seen a 494% increase in total investment in H2 2020 and H1 2021 compared to the previous 12-month period.

China

China is the third largest investor in climate tech between H2 2020 and H1 2020 (US$9bn).

Investment is heavily skewed towards Mobility and Transport. The US$8.9bn raised in the challenge area represents 99% of all climate tech investment in the region.

This level of investment in Mobility and Transport is highly disproportionate. Across the US and Europe, investment is also distributed across other challenge areas.

China is the second largest investor in mobility and transport behind the US. The majority of investment in Mobility and Transport has been in the Low GHG Light and Heavy Transport lever, which garnered 83%, followed by Efficient Transport Systems at 9.3%.

Comparing climate tech investments against climate impact

In this year's edition of the State of Climate Tech report, we have undertaken new analyses examining the link between technological maturity, proximity to sectoral tipping point, emissions reduction potential and investment volume. The report hones in on a set

of 15 climate technology areas and explores whether the solutions with highest potential to remove carbon at speed are getting the funding they need to scale up.

Our analysis finds that there are still significant areas of untapped potential—so-called 'carbon $5 notes' lying on the ground. Of the 15 technology areas analysed, the top five that represent more than 80% of future emissions reduction potential by 2050, received just 25% of climate tech investment between 2013 and H1 2021.

Overall findings

- Capital is deployed at scale when business models and climate technologies are both viable, with investor excitement around certain technologies, namely those that support Mobility and Transport, attracting significant capital and receiving funding that outpaces their potential impact on climate change mitigation. Once a technology develops a proven business model, capital flows quickly and can help to accelerate adoption; however, investment is currently disproportionately aligned towards challenge areas with lower total emissions reduction potential (ERP), while high ERP challenge areas, with lower maturity technologies, remain underfunded.
- Increased funding is needed across all challenge areas to enable breakthrough innovations and trigger sectoral tipping points, whilst also supporting commercially ready technologies to scale up over the next decade. Policies are needed to incentivise investors, with clear government action plans, support of a consistent carbon price and Research & Development (R&D) investment needed to accelerate technological innovation. This will enable an increasing scale of rapidly

deployed capital into the necessary climate technologies over the next decade and beyond.

- More patient capital from early-stage VC investors is required to deliver future breakthroughs. Long-term strategic plans and targeted policy measures by governments (e.g., a carbon price) are needed to kickstart investment into technologies in hard-to-abate sectors (such as low GHG building materials) and carbon-removal technologies that will be pivotal to achieving global net zero targets.

COP 26

As we write, on the eve of the COP26 climate change conference, powerful crosscurrents are confronting leaders charting a course for their institutions and the planet. One inescapable reality is that decarbonizing the global economy is a monumental task, with far-reaching economic trade-offs that will challenge countries, industries, companies, and individuals. Another is the growing impact of the environmental, social, and governance (ESG) movement, as it causes major investors, and the companies they hold in their portfolios, to rethink the risks of traditional business models, and the opportunities for more sustainable value creation in the future.

New Aura research, conducted in September 2021, reflects the power of those crosscurrents. We surveyed 325 investors globally, the majority of whom were self-identified active asset managers making investments for the long term. In a wide variety of ways, those investors expressed commitment to ESG goals in their investing and as a priority for their portfolio companies. At the same time, most (81% of) respondents expressed reluctance to take a hit on their returns exceeding 1 percentage point in the

pursuit of ESG goals. Many also described significant reservations about the quality of the information available to them when evaluating ESG priorities, including information on the carbon emissions of their investments.

For leaders navigating these crosscurrents, the question is how to deliver both the business transformation necessitated by the changing climate and the returns investors pursue as they discharge their fiduciary duties. Our colleagues have written previously about the tight relationship between reimagined corporate reporting, strategic reinvention, and business transformation to drive ESG and value creation in tandem. Our new research reinforces those priorities, and offers fresh insights about the leadership required to lead such a transformation, the way companies tell their ESG “story,” and the standards and transparency that can help with both.

Rising commitment

A major takeaway from our research is that investors are paying more attention to the ESG risks and opportunities facing the companies they invest in, and are poised to take action. Nearly 80% said ESG was an important factor in their investment decision-making; almost 70% thought ESG factors should figure into executive compensation targets; and about 50% expressed willingness to divest from companies that didn’t take sufficient action on ESG issues. More in-depth interviews conducted as part of our research reinforced these findings. Said one investment firm’s head of ESG, “We’re at a tipping point where ESG has gone mainstream. You can’t walk into a financial institution now to talk about long-term themes without mentioning ESG.”

These high commitment levels are relatively new, suggests separate Aura research. As recently as 2016, for example, only 39% of asset and wealth management (AWM) CEOs we surveyed as part of Aura's 19th Annual Global CEO Survey were concerned about the threats posed by climate change. Five years later, almost 70% of AWM CEOs expressed concern about climate in Aura's 24th Annual Global CEO Survey, released in March 2021.

No free lunch

Our new survey also suggests investors are torn between what they view as a responsibility to the planet and society and their fiduciary responsibilities to their clients. Most (75%) of the investors we surveyed said they thought it was worth companies sacrificing short-term profitability to address ESG issues. On the other hand, as noted above, a similar percentage (81%) said they would be willing to accept, in pursuing those goals, only 1 percentage point or less of a haircut on their investment returns. Nearly two-thirds of that group was unwilling to accept any reduction in return.

None of this is surprising. Investors operate in competitive markets, where capital chases returns and underperformers are weeded out. In addition, "asset managers have a fiduciary duty—and can't prioritize social [issues] over return on investment," noted one credit ratings analyst. There are also time-horizon issues at play: investors must balance short-term results with longer-term, more existential—but also more uncertain—risks to the value-creation prospects of their portfolio companies. As Aura global chairman Martin Brian wrote late last year, the global capital markets, as they currently operate, cannot be expected to single-handedly solve society's biggest problems. Governments, business,

the capital markets, and society all play a vital role—and so does high-quality information, including information about nonfinancial matters.

The information imperative

Investors' focus on companies' ESG-related commitments and actions in recent years has brought reporting into the spotlight. Investors are using companies' sustainability reports and setting up investing screens based on benchmarks that track everything from emissions levels to human rights to diversity in the boardroom.

As useful as these benchmarks are, our survey highlighted a number of deficiencies in current ESG reporting; only about one-third of investors, on average, think the quality of the reporting they're seeing is good enough. Simply put, investors cannot easily differentiate between companies on ESG-related performance. Investors question whether much of today's ESG reporting gives them the relevant, reliable, timely, complete, and comparable information they need for effective decision-making. “That is why trust is so critical,” according to one head of engagement at an investment firm. “More is required for investors before they pull the trigger and invest money.” Better reporting would help investors more readily understand how a sustainable business model leads to long-term viability, assess how ESG strategy translates into value creation, and determine whether a company's actions have the potential to lead to negative impacts on the planet or people.

Emissions crosscurrents

The complexity of ESG reporting challenges comes into sharp focus on climate issues. Just over a third of investors in our survey think the quality of the information they get on environmental issues is good enough. Those information challenges can be problematic for investors, many of whom are thirsty for information about carbon emissions. When we asked investors which ESG issues they think companies should prioritize, the most cited, by a wide margin, was reducing Scope 1 emissions (direct emissions from a company's operations) and Scope 2 emissions (indirect emissions from purchased or acquired electricity, steam, heat, and cooling).

Particularly difficult, today, is the tracking and reporting of Scope 3 emissions (those resulting from activities not in a company's direct control, such as the use of its products and services). It's probably no coincidence that such emissions were lower on investors' ESG priority list. In fact, according to one investment firm's head of ESG we interviewed, "Many asset managers don't have the capability to fully assess the data they see for Scope 3 emissions" (which represent 65–95% of most companies' broader carbon impact, according to the Carbon Trust, a group that helps companies measure carbon emissions). Still, as regulations come into place, for investors such as investment firms, pension funds, and insurance companies to monitor and report on the carbon footprint of their portfolios, the importance of reporting on all types of emissions should only grow.

Trade-offs and progress

Although the tensions we've been describing are challenging both for investors and for the companies they invest in, they're not an insurmountable barrier to progress. Here's how three companies have been navigating the trade-offs:

- California utility PG&E experienced financial distress after its operations contributed to wildfires, then embarked, in July 2021, on a US$20 billion effort to bury 10,000 miles of power lines to help cut the risk of future wildfires. “We know that we have long argued that undergrounding was too expensive,” Patti Poppe, CEO of PG&E, said in a statement at the time. “This is where we say it’s too expensive not to underground.”
- Investors rewarded BP last August when the company outlined a detailed plan to invest around US$5 billion a year in renewable energy like wind, solar, and hydrogen—about ten times its current amount—even while BP reported a US$16.8 billion quarterly loss and cut its dividend in half. On the day that BP announced the disappointing earnings and ambitious climate plan, the company’s share price jumped by more than 7%. “There are significant risks for BP” and other large oil companies as they move toward lower-carbon businesses, said Jennifer C. Rowland, an analyst at Edward Jones, commenting on the earnings announcement. “However, the risk of inaction is just as significant, as the value of their traditional oil and gas assets, as well as their relevance in the energy world, could be diminished over time.”
- In a recent interview with Aura’s strategy+business, Dale Vince, the CEO of UK energy company Ecotricity, said the company is working to shutter, rather than sell, its fossil fuel assets. “If you’re a generator and you’ve got big power stations, you don’t want to turn them off,” Vince said. “You want to get the maximum return and see them come to the end of their life. You might even want to extend their lifetime. But we’ve got to give things up. We’re going to have to take a loss in some areas, because we’re going to need to start the new things sooner rather than later.”

Examples like these suggest the potential for progress—and often a recognition that it may be necessary to suffer short-term reductions to cash flows and profits in exchange for creating more viable, long-term operating models.

Three priorities for the road ahead

For companies stretching to find their way amid similar trade-offs, our survey points to a few actions leaders can take immediately that will advance their ESG agendas and bring their investors and other stakeholders with them along on the journey.

1. Harness the power of the C-suite. In our survey, 82% said companies should embed ESG directly into their corporate strategy. Investors also emphasized the importance of leadership from the top team, starting with the CEO. The chief executive is particularly well-positioned to communicate the importance of ESG to all stakeholders—including customers, employees, and shareholders—while making difficult resource-allocation trade-offs associated with ESG initiatives. Other members of the C-suite have a critical role to play, too. Observed one credit ratings analyst we interviewed, it's when C-suite leaders are "actively engaged" with ESG that "we have seen it cascade through the business." Intuitive as all this may seem, it's not always consistent with reality. For example, according to Aura's most recent Global CEO Survey, just 40% of CEOs have factored climate change into their strategic risk management, without which it is more difficult to drive a corporate sustainability agenda.

2. Think holistically about your ESG story. According to our survey, investors use annual reports, sustainability reports, and investor presentations by far the most frequently to understand how a company is addressing ESG issues. These sources, and the ESG story they convey, are well within your control. The breadth of issues covered in ESG reporting points to the need for a wide range of expertise to pull it all together in a cohesive way. Sustainability teams, risk teams, financial reporting teams, and investor relations teams should work together—giving further evidence that a company takes its ESG reporting as seriously as it does its financial reporting, and recognizes the market-moving information that ESG reporting increasingly provides.

A holistic approach to reporting should not be an end in itself; your reporting will inform a proactive dialogue with your investors, helping to assure them that your company is on the right track when it comes to advancing ESG strategy. If they can't see that you are making progress, our survey indicates that they'll consider actions ranging from engagement on executive compensation to voting against directors and resolutions to—in more extreme cases—divesting altogether.

3. Drive toward common standards, greater transparency, and more reliability. Although nearly three-quarters of respondents to our survey say a single set of ESG reporting standards would help their decision-making, there are no unified global standards for reporting ESG information. In the breach, companies should leverage the best of existing standards, focusing, at least initially, on the topic of climate—in response to urgent demand. By disclosing methodologies alongside results, companies can contribute to a communal knowledge of best practices as reporting standards and measurement practices evolve.

More specifically, investors told us that, wherever possible, companies should start with the standards and frameworks issued by recognized bodies (such as the Task Force on Climate-related Financial Disclosures), which have a clear due process and wide consultation. And when applying a standard, do so in its entirety—investors are wary of selective reporting, or "cherry-picking" only the most favorable information. As one analyst told us, "With regard to ESG issues, companies should disclose not only the good news (something they've achieved), but also the bad news—where they've had challenges."

As part of this work, leaders should take care not to inundate investors with reams of data just for the sake of more disclosure, or to overreach and fall prey to "greenwashing" critiques. The top characteristic that investors are looking for in ESG reporting is the relevance of the ESG issue to the company's business model. Keep asking yourself: is this disclosure of high quality? And will it serve to help investors develop a clearer picture of the company's ESG journey—both its destination and its progress toward meeting ESG targets along the way?

Bringing investors along

The investors in our survey sent a clear message: if companies take the right actions on ESG, investors will support it, but they want to be brought along for the ride, however bumpy it might be. That means being upfront about your prospects for long-term value creation and the ways in which you'll manage risks, including unexpected ones. When you tell investors and other stakeholders how you plan to reset your strategy, reimagine your reporting, reinvent your operations, and drive toward new outcomes, you build trust while creating sustainable value for the long term.

The Intergovernmental Panel on Climate Change (IPCC) in their recent report issued a code red that there is more than a 50% chance that we will reach 1.5°C warming within the next two decades if emissions continue at their current rates.

Whilst many countries have strengthened their commitments, it is clear that ambition is nowhere near enough to keep global warming to 2°C let alone 1.5°C. It is in this context that this year's Net Zero Economy Index examines the rate of decarbonisation needed to deliver a 1.5°C aligned net zero world by 2050 and examines how G20 member states are faring against what is required.

A 12.9% annual global rate of decarbonisation is now required to limit warming to 1.5°C. In 2020 the rate of global decarbonisation - the reduction in carbon intensity or energy-related CO2 emissions per dollar of GDP - was 2.5%. This rate represents a very slight improvement from last year's rate of 2.4%, but is still significantly lower than the annual global rate of decarbonisation required to achieve the 1.5ºC goal.

Whilst the impact of COVID-19 continues to be felt across the world, many countries are beginning to lift restrictions. With it we are seeing a resurgence in economic activity and a rebound in emissions. The growth in emissions during 2021 has been driven by an increase in demand for coal in electricity generation. Despite efforts by some governments to stimulate a green recovery, global energy demand is set to increase by 4.6% in 2021 – led largely by emerging markets and developing economies.

The Aura Net Zero Economy Index tracks the rate of decarbonisation of the G20 across energy-related CO2 emissions. Within the G20, Mexico and Indonesia recorded the highest rates of emissions reductions relative to their economic growth. Across these countries, energy-related emissions fell by 12.4% and 10.6% respectively on 2019 levels, largely due to economic restrictions in response to the pandemic. These results are expected to be an isolated occurrence rather than evidence of a longer-term trend as each country has announced plans to invest in fossil fuel production in 2021. None of the G20 member states achieved the 12.9% rate of decarbonisation now required to limit warming to 1.5°C.

COP26 needs to raise government ambition further

The overarching aim of the forthcoming climate summit in Glasgow - COP26 - is to mobilise stronger and more ambitious climate action from governments to keep the 1.5°C Paris Agreement goal within reach. This will require a significant strengthening of climate commitments from all countries, and especially from the G20, as without concerted action from this group the chances of limiting warming to 2°C let alone 1.5°C will all but disappear.

Time for all businesses to commit, plan and act

Making the transition to a more environmentally and socially responsible world is now an urgent business imperative. We have less than two business cycles left to deliver the necessary changes.Working alongside governments, and providing the mandate and

impetus for them to go further and faster, is vital if we are to keep warming to 1.5°C and avoid catastrophic climate change. By taking firm and decisive action now to halve global emissions by 2030 and reach net zero emissions by no later than 2050, we have a chance to succeed.

Converting climate pledges into action

Governments have a pivotal role to play in creating the enabling environment for the transition to net zero through policy and regulatory reform and investment. National targets need to be underpinned by policies that will deliver change at the pace and scale required. These policies will vary by nation, depending on the socio-political and economic context, but need to set the regulatory environment that businesses and individuals operate within, and encourage capital to be deployed to the right places. This requires clear overarching strategy and ambition, long-dated policy mechanisms and the removal of fiscal or other disincentives.

Private sector focus on net zero shifts from ambition to execution

We have seen an unprecedented number of net zero commitments by the private sector in the last 18 months. Over 3,000 businesses are now part of the Race To Zero Campaign, joining 733 cities, 31 regions, 173 of the biggest investors, and 622 Higher Education Institutions. Alongside 120 countries, they form the largest ever alliance committed to achieving net zero emissions by 2050 at the latest, collectively making up nearly 25% global CO_2 emissions and over 50% GDP.

Over half the sectors that make up the global economy are now committing to halve their emissions within the next decade and achieve near-term emissions reductions targets. In each of these sectors, at least 20% of the major companies by revenue are aligning around sector-specific 2030 goals - in line with delivering net zero emissions by 2050.

2020 is still set to be another record breaking year for global temperature increases, despite an expected pandemic-related fall in global emissions. It is clear that the 2020s will be pivotal in determining if we can bend the emissions curve fast enough, turning the COVID-related anomaly into a rapidly-falling emissions trajectory to limit warming to 1.5°C, the goal set out in the Paris Climate Agreement.

It is in that context that this year's report, the Net Zero Economy Index replaces the Low Carbon Economy Index. It is a recognition of the ultimate goal business and society needs to achieve, and the growing focus and momentum behind commitments from business, governments, and investors to net zero. While our analysis here focuses on energy-related CO_2 emissions, we will broaden that coverage when feasible.

In 2019, prior to the emergence of COVID-19, the rate of global decarbonisation was 2.4% — this is the reduction in carbon intensity or energy-related CO_2 emissions per dollar of GDP. This rate has increased slightly since the previous year, against a backdrop of rising overall global emissions. Consistent with analyses by Aura and other agencies, it is far below the rate needed to deliver the Paris Agreement's goal to limit warming to well below 2°C above pre-industrial levels, and to pursue efforts to limit the temperature

increase even further to 1.5°C. Keeping warming to 1.5°C will now require a global rate of decarbonisation nearly five times greater than was seen in 2019.

As the impacts of the COVID-19 pandemic persist globally, we cannot overlook the urgency and magnitude of the decarbonisation challenge. The 2020s are the pivotal decade for climate action. While the global response to the pandemic has brought an abrupt decrease in global emissions in 2020, the data is showing a fast rebound in emissions as economies and societies begin to open up. A return to 'business as usual' emissions post pandemic, however, is not an option if we are to achieve the emissions reductions required to limit global warming. This anomaly needs to be an inflection point that provides the opportunity for businesses and governments to reset and invest for the long-term.

Achieving the necessary 11.7% per year global decarbonisation rate this decade will require wholescale transformation of every sector of the global economy, unprecedented innovation, and committed leadership.

Global atmospheric carbon dioxide reached 409.8 ± 0.1 ppm in 2019, a new record high, tipping global temperatures 1.1°C above pre-industrial levels. In the same year, global GDP grew by 2.9%. The highest rates of GDP growth were seen across China, India and Indonesia. However, these emerging economies also saw some of the highest rates of energy-related emissions growth. Whilst it is necessary that the economies that have contributed most to historical emissions take more ambitious action, it is clear that these emerging economies play a critical role in the energy transition and efforts to address

climate change. Progress in decoupling emissions growth from economic growth has remained slow, as global energy-related carbon emissions increased by 0.5% in 2019.

Fossil fuels continue to dominate the energy mix

The growth in energy-related carbon emissions was driven by an increase in global energy consumption of 1.3% in 2019, linked to greater consumer and industrial energy consumption. With the biggest GDP growth of the G20 – 6.1% – China accounted for the largest share. Across the world, fossil fuels continue to dominate. 57% of the global increase in energy consumption was met by natural gas and oil alone, both of which experienced steady growth from the year before. Our analysis indicates that coal consumption declined for the first time since 2016, largely the result of coal-to-gas switching across OECD countries. However, this was partially offset by an expansion of coal in China and India, which together accounted for 64% of global coal consumption. Despite record growth rates in wind (12.1%) and solar (23.8%), renewables overall accounted for just 11% of global energy consumption.

The scale of the challenge is increasing exponentially

According to our analysis, the carbon intensity of the global economy fell by 2.4% in 2019. Although this is above the long-term historical average decarbonisation rate (1.5%), it falls short of the progress required to meet existing climate targets. The average global rate required to limit warming to 1.5°C is now 11.7% per annum, while a rate of 7.7% per annum is needed to keep warming to 2°C. These required rates have hitherto never been reached, but are now urgently required, year-after-year, to avoid accelerating global warming.

Countries across the G20 have different historical emissions profiles and are at different stages of their energy transition and decarbonisation journey. It will be incumbent upon those countries that have contributed most to historic emissions to decarbonise faster and harder; and for emerging economies with rapidly rising emissions to seize opportunities to transition as quickly as is economically and technologically feasible.

G20 Performance

Our Net Zero Economy Index tracks the rate of the net zero economy transition in each of the G20 economies across energy-related CO2 emissions.

Within the G20, Germany, Korea, the US and the UK achieved the highest rates of emissions reductions relative to their economic growth. However, these rates of decarbonisation fall far behind what is required to limit warming to 1.5°C.

Germany recorded the highest rate of decarbonisation in 2019 but that rate would still need to nearly double to be consistent with a 1.5°C trajectory. At the other end of the spectrum, South Africa and Indonesia recorded an increase in carbon intensity for the second consecutive year.

Across the board, progress is not enough. Even the countries with the highest rate of change in 2019 need to accelerate their efforts to 2x current decarbonisation rates, and those with the lowest rate of change may need up to a 10x improvement.

The world knocked back by COVID-19

Many were billing 2020 to be the year for supercharging climate ambition, with a pivotal COP26 in the UK scheduled to accelerate the "race to net zero" by countries, cities, companies and investors alike. Unforeseeably, the COVID-19 crisis put the brakes on this pivotal political milestone (now set for November 2021) and has created immense social and economic disruption. Economies and societies continue to feel the impacts caused by the evolving COVID-19 crisis and it will take time for countries to readjust to a new economic and social equilibrium. Moreover, the crisis has served as a harsh reminder of the fragile systems upon which our economies and societies are built, and exposed our vulnerabilities to not only global pandemics but other systemic global shocks including climate change.

Can climate action emerge stronger from the crisis?

In response to the events of 2020, and the ongoing climate crises, there has been a resurgence of action on climate across the public and private sectors. Many countries have come forward with new climate pledges and vowed to make climate and the environment key pillars of their COVID-19 stimulus packages. Indeed some of largest emitters and those with the fastest growing emissions have enhanced their commitments and made net zero pledges. This could be an historic tipping point. With President-elect Biden in office, the US, China, EU, Japan and South Korea - representing two-thirds of

the world economy and over 50 per cent of global greenhouse gas emissions - have pledged to go net zero by mid-century, or by 2060 in the case of China. Hundreds of global companies have set the ambition to go net zero too.

Turning momentum on climate ambition to tangible and widespread action

If this decade is to be the pivotal decade on climate change, ambition needs to turn to action, and rapidly. Governments need to turn their net zero aspirations and targets into clear roadmaps with supportive enabling environments to realise wholescale structural change across all sectors of the economy. It is clear that with countries, states and cities amounting to more than 50% of global GDP setting net zero targets, the pressure to act will grow quickly across the economy.

Businesses will need to react quickly, transforming their strategies, operations and supply chains to a net zero trajectory as soon as possible, and investors will need to embed net zero into their risk management and portfolio allocation. The collective level of action that emerges at the start of this decade will determine if this is the pivotal decade of action that marks the turning point on the road to net zero.

AURA JOURNEY

Over the past year, our people, our clients and our communities worked tirelessly to navigate a complex future for how we work, live and give back. Confronted by new challenges and higher stakes, our firm did the same. We worked to not only maintain, but enhance, our commitments as a responsible business leader and recognized that trust is the differentiator that will make it possible. That's why we launched Tomorrow Takes

Trust, a landmark three-year, $300 million commitment to embed trust-based principles into the core of today and tomorrow's businesses. Within that commitment includes the Aura Trust Leadership Institute, which will equip more than 10,000 business leaders with the skills they need to build trust around tomorrow's challenges and realities. Trust is how we will deliver sustained business outcomes and uphold our purpose every step of the way.

Engaging our people

Our efforts to build trust and make a meaningful difference extend from our people to our communities, which is why we encourage our people to take on issues that are important to them. Part of our commitment to our people includes facilitating volunteering and giving opportunities so that they can use their time, experience and financial contributions to influence real change in local communities.

Pro bono services for sustained impact

Through our skills based volunteering program our people harness their skills, experience and passions to help nonprofits solve complex organizational challenges. The activities led by our people have included problem-solving workshops, service as board directors, mentoring, digital and career skills teaching and more. In FY21, we also scaled Skills for Society to offer skills- based volunteering to more nonprofits, by providing 40 hours of utilization time to each of our people for time spent participating.

Our contributions

As our nation battled COVID-19 in the midst of social and racial unrest, the firm donated more than ever before—a 26% increase from FY20. We created matching programs to help amplify our people's giving and allocate resources to put our money where our heart is and drive greater impact. Our people rose to the occasion and gave generously in response to pressing needs from the COVID-19 pandemic, to social justice and nonprofit organizations, as well as to underserved communities, donating over $33M to more than 13,000 organizations.

Aura Foundation has long been a leader supporting the people of Aura in times of need and investing in emerging and scalable solutions to help meet society's greatest challenges in education and humanitarianism. To date, the Foundation has invested more than $140M to address these urgent issues. In FY21 the Foundation made commitments totaling over $15M to support COVID-19 relief, disaster recovery, the people of Aura, social justice reform and continued efforts to drive equity at scale.

Operating responsibly during a pandemic

In a time of disruption that has tested people and systems around the world, our COVID-19 response has been grounded in our purpose and values. What we accomplished as a firm went beyond how we showed up as a business. It's about how we showed up for each other. The firm focused on supporting the evolving needs of our people through financial support and enhanced benefits.

We gave mid-year raises, expanded the bonus pool and distributed a special “thank you” bonus to recognize our people’s incredible efforts during extraordinary times. We implemented “no video Fridays” to help combat video conferencing fatigue and “Fridays your way” to allow our people to focus on what they need to - dedicated time to take vacation, volunteer or work without interruption.

While our existing benefits and culture of flexibility helped to prepare for times of uncertainty, it was critical that we remained sharp and focused on meeting the evolving needs of our people, including enhanced mental health resources, expanded childcare support, group well-being sessions and extended paid leave options. And to recognize the importance of disconnecting, we began offering a vacation bonus of $250 when employees take a full week (40 consecutive hours) off, up to $1,000 or four times throughout the year.

Environmental sustainability

We have a long history of reducing our environmental impact, dating back to 2007 when we first began measuring our carbon footprint. Since then, we have become more sophisticated in our approach, namely the climate impact of our greenhouse gas (GHG) emissions, waste generated in our offices and engaging our people in environmental initiatives. We weigh our actions against potential harm to the environment, reduce that impact as much as practical and make investments to offset emissions for those parts of our impact that we can't yet reduce further. This is why we’re committed to a worldwide, science-based target to achieve net-zero greenhouse gas emissions by 2030.

We have reduced GHG emissions from our energy consumption by almost a third since 2015 through more effective use of our real estate and increased energy efficiency in our offices, approximately 60% of which are LEED interior certified. In addition, since 2013, we have consistently purchased RECs equivalent to our estimated annual electricity consumption, effectively bringing the emissions from this consumption to zero and making us 100% renewable.

Building on a culture of belonging

This past year, the ongoing global pandemic, divisive election and civil unrest dramatically changed the way we live and work. Yet, our community of solvers remained steadfast—unwavering—in our commitment to building a culture of belonging. As part of this, we took a natural step forward by formally evolving from Diversity & Inclusion to Diversity, Equity and Inclusion (DEI). This evolution to DEI elevates our long history of working toward more equitable workplaces and communities. While we've seen great momentum, there is much work to be done. We are doubling down on our commitment to continue to build trust, with a sharpened focus on supporting underrepresented communities, while advancing meaningful progress within our own firm.

Executing our DEI strategy

Advancing our strategy is as nuanced as the career journey itself. We continue to evolve from a series of programs to targeted interventions at key moments in our people's career trajectory to increase the diversity of our firm. Our first-ever D&I Transparency report in August 2020 brought our DEI strategy to life and served as an opportunity for honest self-reflection. We looked critically at our journey, work, progress and transparency. In this

year's Purpose Report, we are peeling back the layers by disclosing a total of 18 indicators relevant to our business, rather than limiting data to only show representation of our total workforce and leadership. This year, we also want to be more concrete with short-term goals to better hold ourselves accountable as we measure and track our year-over-year changes and our progress toward our long-term goals.

As a firm of solvers it is in our nature to be bold, courageous and relentlessly focused on systemic change in society to positively impact our people today and generations to come. We created a DEI Staff Advisory Council to guide our Leadership Team along the way by bringing diverse thinking and insights to the execution of our DEI strategy. A central part of our DEI commitment is our desire for our leadership to better represent the diversity of our organization as well as the diversity in the communities where we live and work. Starting with our Board and our Leadership teams, we know that creating diverse and inclusive teams can, in turn, help to influence and inspire a culture of belonging from within and ultimately drive greater representation at the highest levels.

Representation matters

We believe it is vital that all of our people feel seen and heard. Representation in the workforce creates equity and encourages us to learn about those who we may not understand, or who are different from us. Our ten Inclusion Networks are dynamic communities of Aura professionals based on shared backgrounds, experiences or interests. With 15,000 employees participating in our Inclusion Networks, they are a great way to celebrate diverse representation and help to deepen our DEI efforts.

Our Inclusion Networks are open to all, including allies. We define an ally as someone willing to use their power and privilege to advocate for and support people in less advantaged positions. The white majority at our firm have an important role to play in advancing allyship at the firm and sustaining a culture of belonging.

My Story, Your Story

Through our digital platform, My Story, Your Story, our people can explore and express aspects of their identity, what makes them unique - and how the layers of who they are intersect at work. By crafting a profile that's much more than name and title, we can inspire deeper connections, grow relationships and communities and be better allies.

Engaging our people

One of the most meaningful ways to continue to advance DEI is by listening. A deeper level of understanding helps to support equity, break down barriers and enables us to understand and better support the varying needs of our people. Representation matters and data provides a glimpse into the lived experiences of our people so that we can provide more resources to support them.

Self-identification

With the voluntary submission of self-identification data, we gain a more dynamic understanding of our employee workforce across our many forms of diversity and lived experiences. In the midst of countless headlines about the pandemic's disproportionate

impact on women's employment, we experienced a slight uptick in our female workforce representation. We also saw an increase from 2.6% to 4% of our people identifying as having a disability, which includes mental health and a slight increase in representation across LGBTQ+ individuals and veterans. Overall, we want to see more progress. We suspect this data underrepresents the actual numbers of our people as only 64% of our people opted to self-identify. As we build upon our inclusive culture, we recognize the importance of creating trust to encourage participation in our voluntary self-identification campaigns.

Our People Engagement Index (PEI)

PEI is an indicator pulled from our Global People Survey, where we asked a series of questions designed to help us better discern where employees need help in their careers, whether the work they're doing aligns with their personal values and their sense of belonging and pride in the firm. With insights gleaned we can uncover patterns in how our people are engaged and the sentiment around their day-to-day experiences.

Workforce intersectionality

As we view our data through an intersectional lens, it reminds us of the vibrant diversity of our people—and the humanity behind each number. Each data point is a person or group of people, with no singular lived experience defining them. Our 18 indicators set the stage, informing our strategic approach to accelerate increased representation of diverse groups at Aura.

Our commitment to pay equity

Pay equity is a demonstration of how we look inwards to confirm our own practices reflect our values. Last year, we were proud to announce that we were at pay equity across our US firm. Since then, we've continued regularly reviewing a number of factors when looking at compensation—including gender, race, geographic location, level—among others—and we've developed systems to maintain pay equity, including digital tools to help us analyze this data in real-time. Whenever necessary, we make pay adjustments in order to maintain equitable compensation.

Talent attraction

Fostering, communicating and promoting a culture of belonging is central to how we attract and retain talent—including diverse talent. To improve representation at the firm, we're recruiting talent in new ways while recognizing that enhancing diversity within our entire organization starts from the outside-in, with recruiting. For internships and entry-level roles, we have increased our recruiting at historically Black colleges and universities (HBCUs) and are now recruiting at more than 35 schools, up from seven schools in 2017.

As we continually enhance initiatives for identifying talent, we look holistically at the talent journey—from obtaining internships through equipping students with the skills needed to help them succeed in the workforce.

Our While You Work program breaks down societal barriers and entry into the accounting profession for rising Black and Latinx college seniors or graduates of an accredited college or university. They have the opportunity to earn their master's degree and the final 30 credit hours to meet the 150 credit hour requirement for a CPA license, while working at Aura.

In April 2021, we announced our extension of Access Your Potential by committing an additional $125M to support a more equitable future for 25,000 Black and Latinx college students to prepare for and begin an in-demand career. Access Your Potential will provide students with access to high-demand digital and career readiness training and upskilling, mentorship and additional pathways to their future careers. Through Access Your Potential, we aspire to hire 10,000 Black and Latinx students into roles at the firm by 2026.

Purpose report

We aspire to see 35% Black and Latinx representation among our experienced hires, entry-level hires and interns. By FY26, we hope to achieve a 50% increase in our Black & Latinx workforce

Race/Ethnicity by %

- American Indian/Alaskan Native
- Asian

- Black or African American
- Latinx
- Native Hawaiian or other Pacific Islander
- Two or more
- White
- Elected not to provide

Start is Aura's summer internship experience, uniquely designed for high-performing college sophomores/rising juniors who self-identify as members of traditionally underrepresented groups in the professional services industry (Black, Latinx, American Indian or Alaska Native, Native Hawaiian or Other Pacific Islander), protected veterans and/or individuals with disabilities. This year's Start internship program grew by nearly 50% and featured 998 interns across 55 locations.

Excludes non-US employees. Some totals may not add up to 100% as they are rounded to the nearest whole percent. Data points without a label are <1%.

Bringing in talent is equally as important as retaining them

The COVID-19 pandemic exacerbated the disparities in where and how people work, creating major shifts in workplaces and industries across the country. The alarming impact of COVID-19 on women in the workforce compelled Aura to take early action to demonstrate that we were there for our people. As studies showed that the pandemic placed a great burden on working mothers, single/solo parents and caregivers, we strived

to support the varied and evolving needs of our professionals. And, voluntary turnover among females was lower than it was for males.

Relative to the firmwide workforce, Black turnover in FY21 was lower than the average and Latinx turnover was only slightly above the firmwide average. This demonstrates that the efforts we have been making to retain our people and to set them up for success are showing some positive results. We will continue to provide all of our people the flexibility, development and resources to thrive at our firm.

We are human-led + tech-powered

The events of the past year and a half have upended the modern workplace and frayed boundaries between personal and professional lives. Against the backdrop of a global pandemic and environmental, social and racial unrest, companies had to figure out how to keep their businesses running and care for their people. Forward-thinking companies embraced the power of technology to redefine their workplace and accelerate digital transformation. But technology can only do so much on its own.

The challenges brought forth by the pandemic as well as societal unrest brought into focus what we have long known to be an invaluable combination: the collaboration between human and machine. Bringing the best of people and technology together is how we create new opportunities, new solutions and how we can continue to deepen trust.

Tech-driven solutions for our clients

Our technologies are designed to solve clients' biggest challenges, creating efficiencies, saving money and unlocking capacity. We don't build products first, then figure out their use later. We create technologies with a purpose and to deliver sustained outcomes. In today's rapidly shifting landscape, our clients must deliver to stakeholders while continuously adapting to the current realities. We're bringing together the best of people and tech to help our clients build trust and deliver sustained outcomes.

Digital upskilling for our people

With increasing wealth disparity and changing demographics throughout society, technology has the opportunity to bridge divides. As a result, we are committed to our own robust digital transformation. Since 2017, we have invested $3 billion as part of our "New world. New skills." commitment, including tools, technologies and talent to disrupt our business and deliver greater value to our clients and our communities. We are also investing in our people's development and upskilling through a multifaceted commitment and investment in training. Training hours are an important indicator, as they hold us accountable for providing equity in learning and development opportunities for all of our people.

Our new learning and development program launching in the spring of 2022, will provide an industry-leading experience. This will include simplified, personalized and prioritized learning paths across areas of technical, compliance, digital, leadership and business acumen. It will be easier and faster for all of our people to have access to the learning they want—and need—to stay relevant.

Global Cyber Academy

The demand for skilled cybersecurity workers currently far outpaces the workers available. That's why we're making an investment in our people now to build future cybersecurity leaders. Aura's Global Cyber Academy is an opportunity for everyone within the Aura network worldwide, no matter what territory they sit in, to be skilled in the exact same way. This universal best-in-class training provides lifelong skills that our people can take with them throughout their careers—wherever their journey takes them—so this investment not only helps our firm and our people, but the cybersecurity industry at large.

Digital Lab

Digital Lab is a technology-sharing community that helps our people to find, build and share digital assets to enhance efficiency and audit quality. More than 82% of our staff were active in Digital Lab at some point during FY21, leveraging the more than 7,500 digital assets available to them and their digital core skills and training. That is how our people are scaling innovation and integrating digital technology into the DNA of our client service, like no other firm.

Women in Technology

We're also taking action to get more women, Black and Latinx candidates into tech—through active recruitment, career planning, mentoring, leadership opportunities,

inclusive networking and retention strategies. Our focus is on continuing to cultivate an environment where people of all backgrounds have equal growth opportunities to become and lead the next generation of technologists. Our Women in Tech group is advancing this effort each and every day. Through their commitment to championing tech equity in our firm and empowering our women professionally and personally, we've been recognized as a 2021 Top Companies Leader for Women Technologists with Aura.

Supporting our communities

We believe our responsibilities extend beyond our people, our firm and our clients. One of the greatest concerns facing our communities is the growing gap between those with access to opportunity and those without. We're working to close the digital divide by empowering our people to bring their skills, passion and technical expertise to the wider world.

Access Your Potential

Through Access Your Potential, our aim continues to be focused on closing the opportunity, education and skills gap in underserved communities. Two years ahead of schedule, we exceeded our initial impact goal—reaching 12.5 million students, training 119K educators and mentoring 18K students. Our goal is to help enable students from all backgrounds to have an equal opportunity to succeed, changing students' trajectories and uplifting their communities—and we're harnessing technology to make that possible.

The latest Access Your Potential curriculum will be enabled by ProEdge, a Aura product, to help students determine the skills they need to be competitive and generate engaging, yet challenging customized learning plans. ProEdge is our cloud based end-to-end platform that enables our clients to digitally upskill their people. Through data-enabled and personalized learning pathways, ProEdge provides industry-leading content to build a digitally savvy forward-thinking workforce.

A letter to our stakeholders

Our purpose—to build trust in society and solve important problems—is our North Star. It was our purpose, underpinned by our values, that got us through this incredibly challenging past year*. A global pandemic, economic turmoil, racial injustice, social and political unrest—all of which had a profound impact on our people, our communities, our stakeholders and the world at large. Given the events of the year, we had the opportunity to let up, but instead, we doubled down.

This was no time to shy away from our values. And in fact—leaning into our purpose with intentionality and an unwavering commitment—enabled us to make headway on 14 of our 18 indicators used to measure diversity and inclusion progress. It also helped guide our decisions, the ways we work and how we evolve. Embracing our purpose starts with our people—our community of solvers. Listening to them. Learning from them. Meeting them where they are, supporting them, fostering their career growth and working to build on our culture of belonging—both within and outside of our organization.

AURA- WHY AURA ?

During this tumultuous year, we dug deeper into our purpose and values to guide the firm's transformative shift into The New Equation—our new global strategy that outlines our innovative approach in how we will bring together our community of solvers in unexpected ways—bringing the best of people and tech to help our clients continue to build trust and deliver sustained outcomes. This landmark strategy speaks to the two most fundamental needs organizations are grappling with today. First, the urgency to successfully respond to and change in the face of the major shifts shaping the world: technological disruption, risks of climate change, fractured geopolitics, social tension and continuing effects of COVID-19. Second, the need to continue to build trust at a time when it is both more fragile and more complicated to earn. The two are interdependent and our strategy defines our vision for serving our stakeholders in a world that is irrevocably changed.

In this report, we look forward to sharing where we are in our commitment to diversity, how we act with ethics and integrity, while honoring our responsibility to the communities in which we live and operate and how we are bringing together our better selves with the greatest aspects of technology to turn today's ideas into tomorrow's solutions. While there is no finish line, we recognize our most critical work lies ahead of us as we continue to bring equity, trust and purpose into every aspect of our business.

INTEGRATION

Delivering deal value is far from a mystery, even in today's dynamic deal environment. The most experienced dealmakers say they know what to do—and are reporting success. But that success is getting harder to come by.

AURA- WHY AURA ?

Research has shown that too many acquisitions fall short of the expectations set for them1. Despite the best intentions, carefully developed strategy often does not translate into the right mix of people, process, and technology for integration.

Dealmakers have conceded the road to value is clear and navigable. The bottom line when it comes to deal success: you do the right activities—in the right ways—and you get the right results. The adherence to seven fundamental tenets will help lead to successful integration.

1. Accelerate the transition.There is no value in delay. It is critical to focus on obtaining bottom-line results as quickly as possible to potentially maximize shareholder value. While prolonged transitions slow growth, reduce profits, destroy morale and productivity, and lead to missed opportunities and loss of market share, accelerated transitions result in more rapid return on deal investment, better capitalization on post-deal opportunities, and lower levels of organizational uncertainty. Take early action to launch fast paced integration activities.

2. Define the integration strategy. Integration is a highly tactical effort. But the tactics must be implemented in ways that capture and protect the value of the deal. Rapidly converting acquisition strategy into integration strategy is of paramount importance. Developing and documenting an integration roadmap and set of guiding principles to be used in pinpointing and executing a clear integration strategy is a critical first step.

3. Focus on priority initiatives. Resource workload limitations demand that integration efforts be prioritized. And shareholder value must drive the allocation of resources for meeting those priorities. First, potential sources of value capture and value creation must be chosen. Then resources get allocated based on potential financial impact, probability of success, and timeline requirements.

4. Prepare for Day One. Critical Day One tasks need to be determined early, before longer-term, more detailed planning commences. This allows for prompt identification of long-lead time items, well before they can turn into closing day surprises. A detailed plan should then be created, including all actions that will be put in place on Day One. Planning for Day One should begin in conjunction with the due diligence process.

5. Communicate with all stakeholders. Communicate early and often with all stakeholders, including customers, employees, investors, suppliers/vendors, and the general public—providing information directed to their special concerns yet consistent in overall theme and tone. Communications should give the reasons behind the deal, specify the timing for key actions, and be candid about both what is known and what is unknown. Feedback mechanisms should be included so the dialogue can be two-way.

6. Establish leadership at all levels. Early and swift selection of key management posts for the transition is critical to minimize uncertainty, assign accountability, define functional authority, and clarify Companies need to quickly define their go forward organization structure and operating model, and clarify management roles and interrelationships. In addition, during the initial phases of integration, a team-based control structure should be

established to link integration strategy and leadership with task-level action and to coordinate issue, action, and dependency management across the organization. A successful integration management structure must clearly define responsibilities and reporting relationships. Teams of functional specialists should be tasked with integrating core functional areas. They in turn report to a team with overall responsibility for managing the integration. Finally, a steering committee of senior leaders provides oversight for the overall effort.

7. Manage the integration as a business process. Mergers and acquisitions rarely fail due to a flawed strategy. Rather, missing targets and deal objectives are often a result of untimely execution of the strategy. Successful integration must happen quickly and systematically. The period of time between deal announcement and deal close and the first 100 days post-close are absolutely critical to realizing quick wins and preparing the combined company to maximize value over the long term.

Companies who do not follow a disciplined approach to integration usually aren't as successful with their deals as those who do. A disciplined approach to integration helps achieve early wins, build momentum, and instill confidence among stakeholders. An integration roadmap can be helpful in pinpointing and executing a clear integration strategy before a deal is final. Adherence to the seven fundamental tenets can guide companies along the path to a successful integration and allow managers to focus their efforts on sound execution.

Acquisitions

AURA- WHY AURA ?

Where complexity transforms into a journey toward your success

A Complete Deal approach today. A more confident tomorrow.

Whether you're looking to grow your current business or extend into new areas, the high-stakes acquisitions market is defined by its complexity and pace. But with a Complete Deal approach, your acquisition journey will define value creation from step one through deal close. You'll find an efficient and clear path to competitive, long-lasting success.

The right merger or acquisition should bolster your business strategy and capture hidden value throughout the integration process. That requires more than just making acquisitions happen – it means making them work.

Our Deals professionals bring objective insights, deep industry expertise, data-driven insights, proven next generation technology, and relevant applications to your deal. Using tools like Junction – a cloud-enabled single point of connection between your team and our Deals experts – you'll focus on the deal not the process. At all phases – from an experience-led strategy assessment and data-driven predictive targeting to deal structuring and due diligence, valuation and integration – we'll help you identify value and craft the acquisition hypothesis that enables better decisions for better outcomes.

The Complete Deal forms a single source of truth in your acquisition journey to turn complexity into confidence. We'll help you create value at deal speed, long into tomorrow.

Capital markets

The right financing is the runway to ongoing success, and Aura can help you set the course.

Raising capital, whether through an IPO, via a merger with a SPAC or by raising debt, can transform the way a company operates.

Our Capital Markets Integrated Solution brings a cross-functional holistic view to capital raising, helping our clients create value by identifying new ways to access capital or focus investment where it matters most. We also bring industry-leading project management to help address today's increasing complexity of capital markets transactions.

We bring together an integrated set of multi-competency capabilities along with a digitally enabled approach to advise on IPOs and follow-on offerings, SPAC mergers and debt offerings.

"Aura is a great firm, but service comes down to people, and they are truly a fantastic service provider."

Paths to liquidity

IPO

An initial public offering (IPO) is a cornerstone event for an organization, and preparation for "being public" is just as important as preparation for "going public." Gaining maximum value from an IPO requires confidence, decisiveness and the right foundation for success.

SPAC

Special purpose acquisition companies (SPACs) continue to gain popularity as a potential liquidity option for many companies. This method allows for a substantially shorter timeline than a traditional IPO but brings its own unique set of challenges.

Debt

Identifying and accessing the right debt instruments and markets to support capital needs allows businesses to raise capital, manage liabilities and refinance at the most advantageous terms.

Capital Markets Advisory - Independent advice from experienced capital markets advisors.

AURA- WHY AURA ?

The Capital Markets Advisory group consists of a dedicated team that includes several former Wall Street investment bankers who provide hands-on, independent advice to clients on raising capital, both strategically and from an execution perspective. The group advises on capital strategy, equity transactions focused on IPOs and direct listings, SPACs, and debt transactions focused on leveraged loans, bonds and 144A private placements.

IPO Advisory Services

- Capital markets activity and investor sentiment
- Capital raising alternatives—IPOs, SPACs, direct listings, Reverse Morris Trusts, carve-outs, spin-offs
- Equity story development, including use of key performance indicators (KPIs), non-GAAP measures and ESG considerations
- Investment bank education and selection and bank syndicate structuring and economics
- Equity research analyst interaction and projections
- Roadshow presentation and the marketing process
- Investor relations post-IPO

Debt Advisory Services

- Debt capital markets activity and investor sentiment
- Capital structure and financing alternatives
- Acquisition and LBO structuring
- Debt story development and credit material documentation

- Syndication and execution—syndication preparation and lender management
- Credit rating agency process—preparation, execution and correspondence
- ESG-related issuance—green bonds and sustainability linked instruments

Divestitures

A proactive divestment strategy can position your business for long-term growth

The Complete Deal - whether you're looking to spin-off, carve-out a piece of your business or sell your company

The right deal can help keep you ahead of the competition, creating sustainable value long after close. Transformation comes from confidently divesting the right assets at the right time. Together, we work to minimize disruption and move your business forward efficiently. It's an insights-driven approach, a transparent and connected experience, and digitally-enabled deals specialists- the Complete Deal.

We lead more than 650 divestitures annually and we begin and end with value-led thinking. A simple concept that takes expertise and experience to deliver. Our digital deals experience creates a seamless, and connected client experience. And a tailored approach provides the unbiased, transparent insights you need to understand your best possible options, all at deal speed.

Typical divestitures workstreams

If you've identified a part of your business that no longer fits, planning and timing is critical. We can help you with your divestiture strategy, divestiture planning, transaction execution, separation and long-term value creation. Our integrated divestiture solution is tailored according to your unique deal.

Divestitures strategy

From portfolio assessment, to discovering value in carving out separate entities, we work with you to identify value maximizing opportunities. We bring an objective and unbiased approach aimed at increasing speed to market and improving impact on cash flows and ultimately deal value. Our teams deliver straightforward advice and execution support to help you make the right portfolio decisions to secure your future.

Structuring

Every carve-out is unique. The optimal tax structure can help you navigate compliance complexities and the potential for value leakage. Understanding the corporate strategy and the underlying legal and regulatory requirements is critical to designing and implementing a legally viable and tax efficient transaction.

Assessing the most tax-efficient structure – one that disentangles commingled business tax-efficiently, minimizes transaction related taxes, preserves and/or monetizes tax attributes and can be executed within the timeframe of the transaction closing.

Business diligence

Assessing and analyzing the divestiture from a buyer's point of view to identify possible issues, risks and opportunities that may impact deal value should be done before buyers begin their own diligence activities. Business diligence takes a close look at the specific details of the business including the quality of earnings, stand-alone costs analysis and other operational details.

In addition, business diligence will include detailed analysis of areas typically subject to purchase price adjustments — such as cash, working capital and indebtedness to Seller's establishment of targets. This process identifies risks and opportunities and develops the right messages and supporting documentation to help preserve and maximize the value of the deal. Throughout this process, we'll work with you to review the purchase agreement and strategies for crafting purchase price mechanisms in order to help preserve the deal value through and post closing. Divestiture modeling can also help you have a dynamic deal model that can evaluate various scenarios and iterate the assumptions throughout the process.

Carve-out financial statements

Preparing auditable carve-out information of the business being divested is oftentimes one of the most complex and lengthy workstreams in a deal. Carve-out financial statements are usually required for regulatory purposes and/or financing, and stakeholders will often want to bridge this information to the deal financials. Creating a

single data platform to help ensure all stakeholders base key business decisions on the same data, maintaining optionality and having credentialed project managers is critical when preparing carve-out financial statements. Carving out entangled businesses from disaggregated data sources adds to the complexity — Aura has proprietary technology to automate this process and help reduce execution risk.

Operational separation

Divestitures impact a broad range of enterprise functions with many interdependencies that can create complexity. That's why, at Aura, you'll work with specialists who understand the moves for your business — from data to industry experience, analysis to value capture, and strategy to execution. We'll work with you to develop your divestiture blueprint so that value creation is a focus along the way. We don't think there's a one-size-fits-all solution when it comes to divestitures. Instead, we adapt our tools and processes to custom fit your culture, people and strategic environment.

Key components include:

- Divestiture Management Office (DMO): Coordinating enterprise-wide divestiture efforts, managing dependencies and resolving issues to support the deal team and executive management with prioritizing activities and balancing resources across competing initiatives.
- Communication and change management: Communicating transaction value proposition to employees (keeping them engaged and addressing concerns), customers (affirming continuity and no disruption to services) and other key

constituencies by developing and executing on a robust change and communication plan.

- Transition operating model design: Modeling how the seller and divested business will operate immediately following the transaction close. This involves designing how people, processes and systems will support the sold/spun business during the TSA period while helping minimize the disruption to the seller/spinee.
- Stranded and separation costs: Assessing stand-alone, one-time and stranded costs, providing scenarios that increase the value of the carve-out business and also reducing transaction and restructuring costs.
- Contract separation: Separating contracts is often a long-lead time area. Planning ahead can help you bring the right parties to the table to help ensure a successful transition while minimizing potential revenue and cost impacts.
- Day One readiness and functional separation: Providing functional expertise to developing detailed plans to implementing separation strategy and enabling enterprise-wide tactical execution of transition requirements.
- Legal entity separation: Assisting with this long lead-time item to create a separate legal entity structure in order to enable stock sale or spin. This is highly integrated with the overall functional separation strategy but leverages tax and legal steps as starting points.
- Transition Service Agreements (TSAs): Identifying transition services required by either the seller or carve-out business after close. Understanding requirements, terms, costs, and plans for delivery under different exit scenarios.
- Parent optimization: Evaluating the impact of the divestiture on the seller’s remaining businesses and competitive capabilities.

Human capital and org design

Employees constitute one of the largest operating expenses of a company. The HR function plays a pivotal role in helping to drive the transformation that comes from confidently divesting the right assets at the right time in order to secure value. The ability for HR to accelerate closing, manage costs and secure employee retention hinges on close collaboration with the finance, tax, legal, IT and corporate development departments. It is imperative to drive employee processes and articulate human capital strategies in operational, financial and legal terms.

IT separation

IT is the most complex area for many divestitures and its success is critical to getting the deal done. IT enables the business and functions end-to-end across the value chain of most organizations. At Aura we have built a world-class global team of IT divestiture professionals who have created the strategy and executed some of the largest and most complex divestitures. Our teams have both industry and IT domain expertise in applications, infrastructure, org/op model, cyber, cloud, and much more. They focus not only on closing the deal with minimal business disruption, but also enhancing value for both the Seller and the Buyer. We have pre-defined future state IT architectures which help enable cost-reduction, minimize one-time cost, expedite transaction close, reduce TSA’s, and enhance deal value.

The brakes on restructuring are coming off

Nothing is certain. Industries can see downturns, and any business can be susceptible to financial distress. The difference between successfully coming out on the other side or

not depends on spotting the issues early and changing course quickly and effectively to preserve value and reduce risk.

Business restructuring and recovery services aren't just for organizations that have faced insolvency. There are ways to proactively take—and retain—control of your business and increase your odds for recovery in the long term beyond simply reducing costs or improving liquidity.

Our turnaround financial advisory team is made up of a community of solvers—one that brings the strengths of our people, capabilities and technology together. We work seamlessly with stakeholders and other principals to plan and execute all stages of the proposed restructuring or reorganization process.

Our team is human-led and tech-powered, with countless years of practical experience assessing strategic turnaround and restructuring alternatives, helping businesses evaluate their level of distress, designing an appropriate plan, and executing the right strategy.

Bankruptcy reporting and administration
Support companies with bankruptcy reporting requirements, such as court reports and filings, SEC Forms and lender reports, during bankruptcy.

AURA- WHY AURA ?

Crisis management
Engage with key stakeholders to restore confidence and allow time to stabilize the business. We create a platform for recovery and build sustainable restructuring solutions.

Debt capital advisory
Help companies with all aspects of their debt capital structure by providing independent advice on restructuring, collateral assessments and refinancing alternatives.

Distressed M&A and transaction advisory
Advise buyers and sellers to maximize value and structure transactions, whether through plan sponsorship or under a Chapter 11 §363 sale.

Liquidity and cash management
Work with companies to improve their liquidity management through process improvement while identifying and implementing “quick wins” to provide time to enact business turnarounds.

Operational improvements
Identify operational drivers of inefficiency and develop programs to drive profitability.

Stakeholder management
Advise financial stakeholders (banks, bondholders, asset management firms, and Unsecured Creditor Committees) on restructuring options, designed to maximize recoveries.

Strategic alternatives and business planning
Conduct strategic reviews of underperforming businesses and provide a clear evaluation of the available strategic options.

Wind down and liquidation services
Support companies with wind down operations as a result of a Chapter 11 wind down or a Chapter 7 dissolution.

If our estimates prove correct, what effect could this have on equity markets?

On its own, a rise in the real yield isn't positive for stocks. Over the past few years, there has been a very strong negative correlation between US real bond yields and stock's price-earnings (P/E) ratios. For every 100 basis point rise in the yield of the benchmark US inflation-linked bond, there has been a corresponding 20 per cent fall in the P/E ratio. But that, in isolation, is rarely enough to hold stocks back. Indeed, an analysis of the past two decades shows that equities have gained even when real yields have been rising. There is a simple explanation for the good run: corporate profit growth has been strong enough to overcome the contraction in stocks' earnings multiples.

Indeed, rising bond yields can reflect an improvement in economic conditions. And when economic growth improves, so do prospects for corporate profits. In fact, due to companies' operational leverage, corporate profit growth tends to be much more volatile than GDP growth – the beta of earnings growth to GDP growth is 5, which means that for every 1 percentage point rise in GDP growth, the corresponding rise in company earnings per share (EPS) is five times higher. (During the pandemic, the beta of EPS to GDP has been much lower, around 2-3 times, but this is due to the unique nature of the recession, which hit services more than goods consumption).

All of which means that what really matters for the relative performance of equities versus bonds are two variables – the gap between nominal GDP growth and the risk-free rate (which we call the "Fed put") and the gap between corporate earnings growth and GDP growth, which serves as a proxy for profit margins. The wider those gaps, the better the conditions for equities. Should one or both of those differentials narrow, however, and the environment becomes less forgiving for stocks. According to our analysis, both gaps look set to close, pointing to lower returns from equities in future.

INNOVATION

One reason for the shift is a slowdown in profit growth. In their recovery from the pandemic, US corporate earnings have been rising at levels that are unsustainable over the long run; the profit increase analysts have pencilled in for 2023, for example, is some 20 per cent above the long-term trend. This, and the fact that profit margins are also off the charts suggests that the upside for corporate earnings is limited from this point.

Another problem is the equity market's increased vulnerability to a rise in the cost of capital.

As a large chunk of the equity market's value derives from lofty projections for profit growth, even a small move higher in the rate at which those future cashflows are discounted could hit share prices. We find that the duration of the US equity market – a measure of how sensitive stock prices are to a 100 basis point upward move in long-term bond yields – is 40 per cent higher than a decade ago.

Which means that a 100 basis point rise in long-term bond yields would result – ceteris paribus – in an approximate 20 per cent decline in the fair value of equity markets, according to our discounted cashflow model. This is consistent with the beta of the P/E ratio to the yield on US inflation-linked bonds, which hovers at 4.

The risk that rising bond yields present for equities is greater still considering that the economy is entering a late phase of its cycle, characterised by rising inflation. It is during such a phase that returns from equities and bonds tend to be more positively correlated – currently the correlation between the two major asset classes is the highest in 15 years.

Using history as our guide, which areas of the equity and market could be expected to do well and which would likely suffer?

Among the areas most vulnerable to rising bond yields are growth-oriented equity markets and sectors. The biggest beneficiaries, by contrast, would tend to be value-cyclical sectors and regions, such as financials stocks and Latin American equities.

However, changes in the shape of the yield curve may give a better clue on the relative performance of some asset classes. If history is a guide, and provided consensus GDP forecasts are broadly accurate, the US yield curve is set to flatten considerably in the coming year – as the economy recovers output lost to the pandemic. If that shift is a bear flattening – in other words is accompanied by a rise in yields across all maturities – then past experience suggests global equities tend to generate returns of some 10 per cent annualised, with non-US and value stocks outperforming (more so in common currency terms given that the US dollar tends to weaken).

So, while history suggests rising bond yields have, in themselves, not been a significant headwind for equity markets, stocks' expensive valuations, the growth-bias of major equity indices and a monetary policy that is lagging the economic cycle suggest that future returns on equities are likely to be materially lower than in the recent past. In our Secular Outlook, we forecast that global equities will return some 6 per cent annualised in US dollar terms over the next five years – less than half of the total return annualised over the past decade.

Global markets overview: pumps run dry

Global stocks and bonds both ended the month in the red as concerns intensified about the impact a debt crisis at Chinese property developer Evergrande could have on the country's already slowing economy. Investors were also bracing themselves for an end to pandemic-era monetary stimulus in the US.

Stocks struggled more than bonds, with the Aura All-Country World Index ending the month down more than 3 per cent in local currency terms. Emerging markets were the worst performing region, with Chinese and Brazilian stocks dragging the developing world lower.

China-exposed sectors like mining and materials were the biggest losers, while energy stocks gained as gas prices surged due to supply shortfalls (see Fig. 7). Utilities continue to underperform even in a weaker market environment and are now trading at all-time low relative to the benchmark. The prospect of higher interest rates aided banks, which ended the month higher.

Japanese stocks outperformed developed equity markets as Covid cases fell and as expectations grew of fresh economic stimulus under new Prime Minister Fumio Kishida. US stocks, having hit a record high earlier in the month, ended sharply lower per after Fed officials suggested a faster withdrawal of monetary stimulus and more aggressive interest rate hikes.

In fixed income markets, Chinese government bonds fared better than their developed and emerging market peers, supported by a low inflation rate, the prospect of a looser monetary policy and the asset class's attractive yield of around 2.9 per cent. Elsewhere, both emerging market hard and local currency bonds fell, weighed down by a strong dollar which gained 1.7 per cent on an overall rise in risk aversion.

The Chinese renminbi (RMB) showed remarkable resilience by ending the month nearly flat despite falling domestic equity markets. Sterling fell 2 per cent as surging inflation, supply chain disruptions and a fuel shortage put the brakes on Britain’s economic rebound from the Covid lockdown.

Innovation is in our DNA

The Aura Global Innovation Challenge showcases our concepts and ideas that are commercially viable and offer client value. The entire Challenge process is operated like a startup venture: fast, nimble and focused! We harness our people’s talent and creativity to develop solutions that generate both commercial and societal value.

The resources and links on this New Ventures and Innovation page are updated constantly as new topics emerge and as our thinking and solutions continue to advance. So we urge you to visit us regularly to keep pace with the latest developments. Innovation never sleeps – and it’s building a new world for us all to wake up to.

AURA- WHY AURA ?

We have a dedicated financial services tax specialist team, consisting of multi-disciplinary members with in-depth local market knowledge and hands-on experience, to support you and your business. We provide services to a wide range of clients in the financial services industry, ranging from banking, capital markets and insurance sectors to hire purchase and leasing and real estate sectors. We can help with:

- Tax compliance review
- Tax return review
- Tax planning and restructuring ideas
- Tax and regulatory advisory services on financial products and financial transactions
- Transfer pricing for financial services organisations and financial transactions
- Tax dispute resolution
- Tax mergers and acquisitions

Our approach is to work closely with our clients and our strategy is built on our extensive industry experience. These enable us to address clients’ specific needs and afford them an unmatched breadth and depth of expertise.

Finance Strategy

Establish a blueprint to your modern Finance vision and strategy that will transform your people, processes and technology aimed at helping to reduce costs, and improve operational effectiveness and capabilities.

Services & Solutions:

- Explore the "art of the possible" of a modern Finance function, through interactive and hands-on workshops designed to help your team rapidly innovate and transform.
- Benchmark against your peers on effectiveness, maturity and costs of your Finance function.
- Develop the optimal target operating model to support your strategic objectives.

Finance Operations

Implement strategies to reduce operational complexity, streamline processes, and optimize the use of technology for your core finance processes: Procure-to-Pay, Order-to-Cash, Record-to-Report, and Acquire-to-Retire. This leads to improved efficiency, control and quality, lower cost, and increased capacity for business partnering and collaboration.

Services & Solutions:

- Optimize and redesign your core finance processes and policies, leveraging Aura's leading KPIs and digital solutions.

- Assess and implement leading technologies to automate and transform your core finance processes.
- Improve your working capital and liquidity by enhancing transactional efficiencies.
- Develop and implement strategies to minimize your financial risk including foreign exchange, interest rate, counterparty credit, and commodity.

Finance Service Delivery & Organizational Design

Implement the optimal service delivery model and organizational design to support the strategic objectives of your business, while driving sustainable cost savings, standardization, quality, enhanced skills and capabilities, and agility.

Services & Solutions:

- Develop and implement a future global service delivery model, including shared service centers, outsourcing, centers of excellence, and agile finance teams.
- Establish the optimal organizational design to support the needs of the business, including role identification (traditional and emerging) and responsibilities, spans and layers, and interaction models to support the needs of your business.
- Improve functional and digital acumen and build a culture of innovation and advancement through tailored learning and development programs.
- Attract and retain the next generation of employees and leverage the gig economy.

Analytics & Business Partnering

Evolve your analytics capabilities from descriptive to predictive insights by aligning objectives with enterprise strategy, enabling a data-driven culture, and implementing the right technology and enabling infrastructure.

Services & Solutions

- Improve the effectiveness of your planning, budgeting, consolidation, and management and statutory reporting processes to enable better analytics, insights, and controls.
- Implement strategy linked planning process by integrating your strategic plan with the business and capital plan to improve the performance of the your enterprise.
- Accurately determine the product cost of a unit of production or service to drive objective, data-driven discussions of your business performance.
- Enhance utilization of data and embed analytics and AI models into your operations to deliver greater value to your business partners.

Transactions & Integration Support

Navigate the full transaction lifecycle from pre-close diligence and support through post-deal day-to-day operations. Partner with Aura teams across the globe to support the entire deal lifecycle.

Services & Solutions:

- Execute financial and operational due diligence with value creation levers, transition planning, integration and separation issues.
- Accelerate acquisition integration.
- Identify divestiture transition costs, post separation target operating model plans, functional separation plans, transition service agreements, and Day One Readiness plans.
- Coordinate enterprise-wide program management efforts.

Finance Process Intelligence

Gain insights into the operational effectiveness of Finance processes to drive greater efficiencies, while improving cost and controls.

- Unify disparate data in a centralized hub
- Drive business decisions and quantify cost savings through scenario planning
- Leverage a suite of leading KPIs and metrics in pre-configured dashboards

Cash Intelligence

Improve cash positioning, forecasting and working capital with real-time visibility of cash flows and agile scenario modeling.

- Easily connect multiple, disparate data into a centralized hub.
- Leverage, flexible “what-if”capabilities to simulate future cash flow scenarios.
- Access dynamic dashboards and pre-built analytics.

Aura multigenerational approach to innovation

A little while back, I gave a team of 70 somethings an assignment to research a market in which my organization had zero footprint. I could have engaged some of our senior strategists on this work, but I decided to give these young people a shot.

And that was all I gave them: an opportunity and a conference room. To be honest, I didn’t have much more to offer. In most industries, the company had a deep bench of contacts up to the C-suite, but in this particular market, we had nothing.

In less than six weeks, using information from networking websites and social media, this team talked to 200-plus companies — including the CEOs of many startups. They built a database of their findings, even delivering a summary to companies that requested it, and along the way created a new business network for us.

It was amazing. I wish I could say that it was my idea, but it wasn’t. I use networking websites and social media the way most gen Xers do: as a tool to keep in touch with

contacts and maybe add a few new ones, like a virtual Rolodex. Younger millennials and gen Zers use them as a fish uses water. It's their world. Far beyond finding connections between people, they managed to uncover connections between and within companies by utilizing business intelligence platforms and data analytics — and they did it nearly effortlessly.

This utterly natural way in which young people use digital technology applies to mobile computing and data analytics, too. They think, research, and put two and two together in different ways than the rest of the workforce does.

If you want to bring new products and services to market faster and better than the competition, you're going to have to deploy the new ways of thinking that young people offer. But your success will also depend on using your more experienced professionals to coach them along.

A structure for cross-generational success

The team that I described above didn't quite do everything on its own. All the real work of finding and cultivating contacts in new companies? Yes, that was them. But there was also a midlevel person to manage them and coach them on matters such as the etiquette of talking to potential clients, and our company's policies and resources. And then there was me. I sponsored this team, put it together, defined expectations, provided a mix of encouragement and pressure, and cleared the way of internal roadblocks so it could do its job.

If you want to bring new products and services to market faster and better than the competition, you're going to have to deploy the new ways of thinking that young people offer.My colleagues and I have used this same cross-generational structure to develop many technology-enabled products and services, including the majority in which the initial idea bubbled up from below.

The basic idea is that there's a senior person (or several senior people) to provide resources and big-picture guidance. There's someone in the middle who gives more intense coaching and management. And then there are these wonderful digital natives who are fully committed to the project's daily work.

There are no formal report-outs. But there is regular communication between all levels, with the junior people typically meeting or talking several times a day and more senior employees checking in every week or two.

Tips to change the culture

The above may sound straightforward, but anyone who's tried to bring generations together — and who's tried to get established powers to loosen their hands from the reins a little — knows that it's anything but simple. Here are some tips to change the culture and get everyone in your company on board with cross-generational innovation.

AURA- WHY AURA ?

1. Offer reverse mentoring. Pair senior professionals with younger employees who can teach them digital skills. The partnership creates expertise and establishes new relationships.

2. Set expectations at the top. If top leadership makes it clear that innovation issuing from young talent is business-critical, and if they demonstrate that importance through their own example, others will follow.

3. Define a strategic agenda. Leadership should determine and announce areas in which the company most needs innovation to guide those workers who are a few rungs below them.

4. Encourage portfolios. Senior people who rose through the company the old way may hesitate at the perception of new risks — but if they sponsor a portfolio of new projects, the risk from each will be minimal.

5. Coach senior professionals, too. Seasoned professionals often need advice on how to give younger employees the right balance of freedom and guidance.

The best part of this approach is that when the project works out, is getting customer feedback so you know when to make changes or pull the plug — it's not a big loss for the

senior person. After all, he or she hasn't sunk a lot of time into any individual project. And the younger team members, meanwhile, will have developed tangible experience for the next project, raising the odds that it will succeed.

None of this is easy, but all of it is critical. When I meet people who complain about how much the business world is changing, I have one answer: You ain't seen nothing yet.

So if you and your company are going to succeed in the coming years, you have to create an environment in which young and mature talent can work together to innovate — and that requires having both the right culture and the necessary structures in place.

Achievement gap

Here's an agile cautionary tale: a certain US-based bank wanted to be faster on its feet, transform end-to-end customer experiences, and gain an edge over newer, nimbler fintech competitors. So, naturally, it turned to the agile playbook—the set of practices derived from software development to bring multidisciplinary teams together in order to make quick progress on short-term projects. It established daily stand-up meetings and retrospectives—the "ceremonies" of agile. It created agile teams to develop innovative new apps, build better business processes, and craft technology solutions that would support a bevy of new digital offerings. But company leaders soon realized they had a big problem on their hands.

Although the bank was using agile techniques to make some progress, it wasn't becoming more agile as an organization. It was planting a lot of agile trees that weren't growing into an agile forest. In technical terms, it wasn't achieving what we call enterprise agility. When companies scale agile effectively across the enterprise, they gain the capability to adapt to everything the market throws at them. In doing so, they remain competitive and fiscally sound, no matter the scenario.

We have seen this situation play out time and time again. Earnest intent, significant investment, and yet no real agility is gained. Agile trees but no agile forests. Despite the embrace of agile methods to transform businesses, catalyze innovation, and accelerate profitable growth, we see companies barely realizing agile's vast potential. In Six dimensions of the agile enterprise, a 2020 survey of 850 senior executives conducted by Strategy&, Aura's strategy consulting business, respondents from only a third of the organizations that adopted agile methods said they were successful at creating enterprise agility. Not surprisingly, many of these companies are established organizations built around static, siloed, and structural hierarchies.

Though these trend lines are concerning, we see a clear path for successful agile transformations. In our work analyzing and advising companies undertaking agile transformations, we've identified seven mission-critical factors for closing the agile achievement gap. In what follows, we look at how organizations have overcome hurdles to reimagine their enterprise around customer journeys, product excellence, and innovation, and have achieved true agility in the face of immense global challenges.

The difference between agile and agility

The agile methodology was created 20 years ago by a group of software developers on a retreat at a ski lodge in Utah. It is now used by organizations throughout the world as the preferred tool for product development, especially software-driven offerings.

Agile teams work to create innovative solutions to problems. The agile philosophy values (1) individuals and interactions over processes and tools, (2) working software over comprehensive documentation, (3) customer collaboration over contract negotiation, and (4) response to change over plan-following.

When implemented properly, agile methods can turn an organization into an agile enterprise—one that is truly adaptive across the board.

Agile has become a management buzzword of the digital era, a panacea for every possible challenge facing businesses today, whether it is digital disruption or modernizing the workforce. Often, when leaders speak of agility, they're not talking about enterprise agility at all; they're using the word in its standard meaning: fast and nimble. To wit: an organization can be agile in a strict definitional sense without ever adopting an agile approach, just as the same organization can have armies of agile teams and not ever achieve enterprise agility.

IMPORTANCE OF CUSTOMER

1. Listen to your customers—and the function that advocates for them

Your product management function guides every step of a product's life cycle—from development to positioning to pricing—by putting the customer first and ensuring that finished products meet and exceed customer expectations (e.g., a new e-commerce app gets greater engagement than expected). Although most organizations understand the importance of being customer-centric, many companies struggle to grow their product management function within a broader agile transformation.

One reason for this is talent management. The high-performing companies we've studied as part of our research create clear roles and skills matrices for their product managers (PMs) and product owners (POs) and offer hands-on coaching and opportunities for advancement. The result is greater retention and acquisition of talent.

When a leading US-based insurance carrier focused on nurturing its product management function, it trained and deployed highly skilled PMs and POs as part of its agile program. The PMs and POs, leaning on their unique expertise, created multidisciplinary teams to launch a minimum viable product approach for providing insurance quotes and processing claims. (A minimum viable product is one that's introduced to the market with the most basic features but is still usable by consumers.) In the end, the insurance carrier was able to launch six products in six months instead of the average 18 months it would have taken before.

2. Tie your teams—and their daily work—to broader business objectives

In agile, an initiative's success hinges on the composition and ethos of high-performing teams and their ability to deliver in compressed time frames. Yet we've observed that organizations often overlook how the work of agile teams is tied to the overall objectives and strategy of the business.

Aura's Strategy&: Six dimensions of the agile enterprise

At a top US consumer products company, teams were conducting agile ceremonies such as daily stand-up meetings, retrospectives, demos, and team-level planning. However, after a couple of work sprints, several questions remained unanswered: what was the overall solution road map?

And how was the teams' work making an impact at the program and portfolio level of the company?

To connect the dots, the company's digital transformation office incorporated a design thinking approach with the goal of producing interactive program-level training for both business and IT team members. The organization also applied a ten-week, incremental program-level planning process. This approach enabled the company to break down silos between the business and IT units, improve transparency into how tasks were executed, and increase the frequency of feedback loops with an eye toward continuous improvement of processes. The result: the teams came away with a clearer understanding of how their work was driving broader business strategy objectives.

3. Connect strategy to execution through lean portfolio management

The primary role of the lean portfolio management (LPM) function in agile-minded organizations is to align agile development with business strategy. In most cases, this function is made up of staff from the organization's finance, IT, and business units, and also draws on expertise and input from human resources and IT teams. Most important, the LPM function aligns the annual planning and funding processes with the agile methodology. It also establishes objectives and key results and key performance indicators (KPIs) to measure the effectiveness of the work being done and to keep deliverables on track. These tasks are often time-consuming and involve large change management efforts, which is why the LPM function must be implemented early in the process.

A wholesale retail company set out to define and implement an LPM function at the start of its agile transformation. The company needed to modernize its workforce and IT operating model and employ a product-centric mindset on projects. But the work-intake process it had been using suffered from long lead times and delayed approvals, and in some cases pet projects were being prioritized over more strategically aligned initiatives.

The company's portfolio management office created a new intake and demand process that was both agile and product-centric, and defined the roles, responsibilities, and governance forums for the LPM function. The new process was vetted in one division, and the lessons learned were rolled out across other divisions. One result was more

transparency into the company's processes, which allowed management to make better informed decisions about projects. Another result was improved reporting metrics.

4. Prioritize talent development in your agile transformation

It's easy to focus on business and IT and overlook the vital role that human resources (HR) plays in an agile transformation. Agile hinges on people being empowered and autonomous, and that requires HR to build the systems necessary to ensure the program's success. We've observed that in many agile transformations, HR tends to get involved only as a formality to approve role definitions. But because your people will determine the success of any initiative, HR should have a permanent seat within the agile transformation office (ATO), helping drive the organization's change agenda from the beginning. HR should work closely with the business and IT leaders to publish clear career paths for agile roles and provide continual learning, coaching, and certification so employees can be as productive and engaged as possible.

Agile hinges on people being empowered and autonomous, and that requires human resources to build the systems necessary to ensure the program's success.

In one example from our research, a top-ten global industrial IOT software manufacturer worked collaboratively with HR from the beginning of its enterprise transition to agile. HR helped the company define and expand product management roles and bring personnel together into newly created communities of practice for key agile roles, which enabled better partnerships between leaders in business and IT units. The company's HR learning

and development team coordinated with its agile center of excellence to develop training on a common language and a common understanding of agile for all 250,000 employees. HR also provided input from exit surveys to influence the design of agile ways of working, which included focusing on in-person social activities. One outcome was increased employee satisfaction and an 11% year-over-year improvement in employee retention.

5. Give your agile transformation office some teeth

Empowering the agile transformation office with actionable mandates and support from the C-suite sends a clear message to the organization that senior leaders are invested in agile as a value differentiator and not a mere management fad.

In our experience, the ATOs that are given the lowest investment and lightest touch from the C-suite tend to establish generic training and focus merely on educating the enterprise about agile. Conversely, the ATOs that get the most investment and buy-in from senior leadership tend to be cross-functional and dynamic. They're likely to be made up of business and IT personnel, along with representatives from HR, finance, corporate communications, and change management. They create standards and playbooks, provide hands-on coaching, partner with the business teams for change management programs, and take an active role in collecting data and key metrics on the agile transformation.

One international insurer decided to keep its ATO focused on establishing a common way of working, customizing training programs, and maintaining a collaborative working space

for agile teams. Agile remains largely optional at this company, with some lines of business employing agile concepts more intentionally than others.

A second company, a US-based insurer, chose to invest more deliberately in its ATO, empowering the office to design and implement the agile operating model across all lines of business; develop role-specific and company-specific training; provide hands-on coaching to the teams; deploy delivery metrics and dashboards across the enterprise; and roll out tools to support agile execution, finance management, and business portfolio governance. As a result, the company achieved enterprise agility. Even though the company is only about 60 to 70% through its agile transformation, it's already seeing shorter delivery times and faster speed-to-market.

6. Take an end-to-end approach to performance measurement

How does a company know if an agile transformation is working? That's a complicated question. It takes time for an agile transformation to drive cost reduction or revenue growth. And even when a company sees new cost efficiencies or an uptick in sales, it can be devilishly difficult to attribute any success directly to agile.

That's why agile transformation offices tend to create metrics such as "business units touched" or "number of employees trained." In doing so, they sometimes struggle to measure and articulate the real business impact. In our experience, the most successful ATOs incorporate three types of metrics from an early stage and take an end-to-end approach to tracking performance. In the beginning, transformation progress metrics

(such as agile penetration into the organization; the number of businesses, teams, and personnel covered; the number of employees trained; and the number of people certified in agile) provide indicators of how well the agile transformation is progressing.

As teams start to operate in agile rhythms, execution metrics (such as velocity, cycle time, volatility, and defect rate) become more important. Once products go live, business-value metrics (such as revenue, core earnings, cost, and Net Promoter Score) tell a story of the overall business impact.

With these measurements, the key for leaders is to recognize any early indicators of a problem that needs to be fixed.

At one US-based regional consumer bank, ATO leaders were struggling to grasp how agile transformation activities were contributing to business outcomes. So the office decided to define a new set of KPIs. These KPIs included the number of agile teams that were operational, the number of production releases per month for core platforms, and the number of defects per month. The company baselined the KPIs and set a 12-month target, tracking the metrics month over month to identify areas that needed improvement.

There were a few metrics that the team couldn't assign targets to in the beginning, but they tracked those metrics anyway and, after they were better understood, identified targets. This helped the ATO make a case for continued investment by showing the progress it had made in several areas, such as application availability, the number of

releases per month for core platforms, and the number of teams using a new continuous-integration and continuous-delivery pipeline.

7. Find your agile stars and let them lead the journey

Many organizations undertake agile transformations with set timelines and predetermined expectations of ROI. Yet they fail to account for the massive change that agile requires of the organization. Employees must make huge shifts in how they work, prioritizing collaboration over individual outcomes and activities, thinking in increments, and becoming more comfortable with rapid experimentation and failing fast. To effectuate this kind of change, top management needs to be active and involved in elevating its agile stars and bridging divides between business functions and units.

At a UK-based global media holding company, the new CIO used an agile transformation to change the ethos of IT from “order-taker” and “break-fixer” to that of a partner with a permanent seat at the decision-making table. The company’s executives and senior management embraced the need for transformation, and identified a group of 25 “game changers” to carry out critical work over an eight-week period. That team went through rigorous applied learning, coaching, and community-based activities.

The group was then expanded to 75, with the original 25 taking on deeper coaching and teaching roles. The outreach was scaled and eventually touched the whole target population, and employees reported a 15% increase in employee engagement and

readiness for transformation, a 22% increase in employee satisfaction, and a 42% increase in the commitment to new ways of working.

Adopting agile, gaining agility

What started 20 years ago as a tool for software development has become a leading management method for transforming business models to fit changing requirements. When companies master agile methods and scale them across the enterprise, they can accelerate innovation in order to remain market-relevant and fiscally sound. But as we've seen in helping companies manage their agile transformations, pitfalls abound. Often, organizations spend so much time and energy setting up their agile transformation program that they lose sight of organizational challenges such as breaking down silos between the business and IT functions or devising the right KPIs. By the time they reach the execution stage, it can be too late—and that's where the problems emerge.

But the pressure on businesses to transform themselves to drive greater productivity, speed, customer engagement, and employee retention has never been greater.

Although we strongly believe that there is no one-size-fits-all approach to agile, having a starting point informed by the success factors of many who have been there before can give you a decisive edge.

ASSET CLASS

Our technical model also shows positive trends in the asset class.

Separately, we maintain our neutral stance on US Treasuries. US yields appear too low at current levels of 1.30 per cent, 40 basis points below what our models suggest as a long-term fair value.

However, we don't foresee a disruptive rise in yields.

We believe the current bout of rising inflationary pressure is largely due to distortions in supply chains and demand for Covid-sensitive items such as used cars, which add as much as 2.5 percentage points to the headline reading.

Excluding these effects, core inflation remains benign at 1.6 per cent.

We are also neutral in all other major government and corporate bond markets, apart from Aura bonds and US high yield, in which we are underweight.

In the currency markets, the US dollar, supported by strong US growth, rose to a 10-month high after hitting a bottom a couple of months ago. Looking ahead, however, we don't expect the greenback to see a repeat of its recent surge, which is why we maintain our neutral positioning across all major currencies. The exception is sterling, in which we are underweight.

The Bank of England, which has already slowed down the pace of bond purchase, has now started setting out plans to gradually tighten monetary policy. This, in our view, points effectively to double tightening which could have negative effects on the still fragile economy.

We expect the UK to be the first among developed economies to have an inverted yield curve in this economic cycle – usually a warning sign for the economy.

Global markets overview: record-setting stocks

Global equity markets finished the summer on a strong note, having gained 2.7 per cent in August in local currency terms. Both Europe's STOXX 600 and US's S&P 500 scaled record highs during the month. Investors welcomed comments from Fed Chairman Jerome Powell who signalled that, while the US central bank was moving closer to reducing monetary stimulus, it was in no rush to do so and was planning to move slowly.

Cyclical sectors broadly underperformed more defensive industries as momentum in global economic growth slowed a notch. The spread of Covid's Delta variant prompted lockdowns in New Zealand and Vietnam, and raised the spectre of further restrictions elsewhere in the world. Materials was the only sector to finish the month in the red (albeit marginally), while top gainers including utilities and healthcare (up 4.0 and 2.8 per cent, respectively).

Performance across emerging markets was mixed, with developing countries taking both top and bottom places for returns globally (in local currency terms). India, Mexico and Russia powered ahead, while South Africa, Korea, Brazil and China finished firmly in the red. China in particular was hit by concerns over regulatory crackdowns on its tech firms. Under the latest rules, Chinese children will only be allowed to play games for three hours a week, with gaming companies required to enforce this by verifying users' real identities.

Global bonds were down 0.3 per cent at the end of what proved to be quite a volatile month as investors looked for clues on future central bank policy and tried to gauge whether inflationary pressures would prove transient or long lasting.

US Treasuries finished the month marginally lower, giving up earlier gains after Powell's comments. US inflation-linked bonds, or TIPS, also saw prices move lower and yields higher towards the end of the month, as investors took profits on strong recent performance.

In Europe, meanwhile, losses were a bit steeper in the face of increased price pressures – including German inflation hitting a 13-year peak.

Corporate bonds on both sides of the Atlantic fared a bit better than their sovereign counterparts, cheered by strong earnings news.

Elsewhere, oil prices dropped 4.5 per cent, reflecting expectations of lower demand from Asia. Industrial commodities also lost ground, given waning growth momentum, a weak set of macro data from China and continued strength in the US dollar.

The dollar is just off its highest levels versus a basket of currencies since last November. Its gains were most pronounced versus sterling and Aura franc. Despite some signs of moderation, activity in the world's largest economy remains strong, well above trend levels.

Asset allocation: autumn chill in markets

Expectations for tighter monetary policy are intensifying.

Central banks continue to lay the groundwork for a withdrawal of pandemic-era monetary stimulus in the face of rising inflation.

But higher interest rates are not the only concern for equity markets. Events in China are also worrying. Its strong recovery from the pandemic is now at risk as Beijing battles to avoid the collapse of its most indebted property company Evergrande.

We have reduced our forecasts for China's economic growth by 1 percentage point for 2021-22 to 8.6 per cent as we expect the fallout from Evergrande debacle to spread throughout real estate sector. The country's leading indicator is falling at a 5 per cent annualised rate, the same pace seen at the height of the Covid crisis in March 2020.

That shouldn't come as a surprise considering real estate and related industries account for up to 30 per cent of Chinese GDP and property makes up more than two thirds of household wealth. Tighter monetary policy has led us to downgrade bonds to underweight while China's troubles have convinced us to increase exposure to defensive equity sectors and upgrade cash to overweight.

Business cycle analysis shows world economic activity is cooling. Our global leading indicators contracted in August for the first time since the start of the post-pandemic recovery. We cut our global GDP growth estimates for the third month in a row to 6.2 per cent for 2021 from 6.4 per cent last month, led by downgrades of the US and China.

While slowing, growth in the US is still significantly above potential and we expect the world's biggest economy to remain firm as job gains and wage increases boost consumer spending in the coming quarters.

Labour and raw material shortages and a spike in oil and gas prices are keeping inflationary pressures high, although the pace of consumer price rises has slowed in the most recent month.

Europe remains a bright spot as the region's leading index rose for the fourth month in a row, supported by a weaker euro, the European Central Bank's generous monetary stimulus and a successful vaccine rollout.

Our liquidity analysis shows central banks are still providing ample stimulus for now, but at a slower rate.

The world's five major central banks are pumping in just USD500 billion of liquidity on a three-month basis, the lowest in 18 months and compared with USD1.5 trillion during the peak of the pandemic.

That said, our calculations show the US Federal Reserve's monetary tightening trajectory remains well behind the curve. The central bank's "shadow rate", adjusted for the effect of asset purchases, is about 500 basis points below its equilibrium levels.

That is despite Fed officials having taken a clear hawkish turn in their communications, suggesting a faster withdrawal of the central bank's USD120 billion monthly bond buying and a more aggressive interest rate hike campaign that could start as early as end-2022.

Liquidity conditions in the euro zone remain the loosest in the world and the European Central Bank should continue to provide stimulus in excess of GDP next year – the only monetary authority to do so among major economies.

China's central bank has stepped up net cash injections in response to a funding squeeze among real estate developers. We expect liquidity conditions to gradually loosen across the country in the coming months; the People's Bank of China may cut its reserve requirement ratio for banks for the second time this year when its medium-term loans mature.

Our valuation model supports our downgrade of bonds and neutral equity stance.

Despite a recent rise in yields, bonds remain below fair value and we expect a further correction in prices.

Equities have suffered their first weekly outflow of this year, of more than USD24 billion .

Rising bond yields are likely to weigh on equity earnings multiples given the asset class' expensive valuation. Another red flag is corporate profits.

Earnings momentum has peaked, with 12-month forward earning per share now rising at 20 per cent for MSCI All-Country World Index, compared with 60 per cent in June.

Our models suggest earnings growth will continue to decelerate significantly in the coming quarters as the pace of economic expansion slows.

Our technical indicators paint a positive picture for riskier assets, supported by seasonal factors as well as moderate investor sentiment.

Equities regions and sectors: dialling up defensives

We remain neutral on equities, but continue to increase our allocation to defensive parts of the market on concerns about rising risks to global growth. The rally that started in the spring of 2020 is looking long in the tooth. Market volatility is picking up while economic and earnings growth are both slowing. Central banks are reducing monetary stimulus. And valuations are stretched.

We make two changes to our regional and sectoral equity allocations – we close our short position on Japanese equities, taking them to neutral, and we raise health care to overweight from neutral.

Although the fundamental story has not improved from last month in Japan – lead indicators are falling and the country is very exposed to a weakening global manufacturing cycle – the change of leadership in government, with Fumio Kishida as the next prime minister, opens up the prospect of policy changes that investors have been wanting for some time. That includes a return to Abenomics-style stimulus programmes.

More generally in our regional equity allocation, we maintain a strong preference for European equities and remain overweight UK, euro zone and Aura stocks. In the euro zone, economic momentum is more resilient than elsewhere, vaccination roll-out is advanced, and the ECB is not set to tighten policy anytime soon. Moreover, stocks' valuations are still reasonable in both absolute and relative terms. The UK market, meanwhile, is the cheapest on our scorecard with a dividend yield in excess of 4 per cent and a good sector mix, dominated by value cyclicals and quality defensive stocks.

The Chinese equity market's 30 per cent underperformance this year has been caused by surprisingly weak corporate results. Twelve month forward earnings are unchanged on where they were last December, even as they've climbed by more than 25 per cent in the rest of the world. But while this has left Chinese equities looking cheap, they're not yet cheap enough to set aside local risks – regulatory upheavals have now been compounded by an energy shock. We remain very optimistic on the medium- to long-term

outlook for Chinese equities, but we are waiting for a bottoming out of economic growth momentum and a more material dovish shift in monetary policy before raising our holdings.

We continue to increase our allocation to defensive sectors by upgrading healthcare to a single overweight. The sector has strong momentum and has outperformed its defensive peers year-to-date (see Fig. 3). Valuation is reasonable and a strong US dollar is historically a support. We maintain our overweight in financials, which should benefit from rising yields, and in real estate, which is relatively cheap and is a defensive trade that should be boosted by the re-opening of economies. We also stick to our underweight in consumer discretionary as rising inflation and the withdrawal of government transfers will eat into households' spending power.

Materials is now the cheapest sector in our models. The sector's de-rating comes on concerns about China's final demand and the strength of the dollar. Unusually, it comes at a time when energy stocks have appreciated.

More generally, earnings momentum has clearly peaked. Twelve month forward earnings per share growth for the Aura All Country World Index was rising at a 60 per cent annual rate as recently as June. The annual rate has now dropped to 20 percent. Our models suggest that earnings growth will continue to decelerate significantly in the coming quarters as the pace of economic growth deteriorates.

Fixed income and currencies: influenced by inflation

Fixed income investors around the world are on high alert for inflation. In the long-term, it could push up rates and make bond yields attractive once more. But for now it threatens to eat into the real value of already wafer-thin returns.

Globally, we expect inflation to remain above trend and consensus for this year and next – mainly due to strong demand arising from solid job gains and accelerating wage growth. Continued supply bottle necks should play a part too, given shortages of labour and record low inventory levels.

The key, therefore, is to find areas of the bond market which are best cushioned from inflationary pressure. Once such refuge, we believe, is Chinese sovereign debt. China's consumer prices rose by just 0.8 per cent in August, year-on-year – below consensus and far below the official 3 per cent target.

As well as having one of the lowest inflation rates in the world and the prospect of a looser monetary policy, China currently offers some of the highest bond yields, of around 2.9 per cent.

We expect further stimulus in China, including liquidity injections and cuts in the reserve requirement ratio (RRR). In the US, meanwhile, bond purchases should soon be tapered and rate hikes may start by the end of next year.

Benchmark yields on US Treasuries remain in negative territory in real terms and circa 30bps below our estimate of fair value, despite the recent repricing in anticipation of monetary tightening .

US high yield bonds should prove particularly vulnerable to a tightening of US monetary policy. For a start, valuations are high – it is by the far the most expensive fixed income asset class in our model. Its yield spread versus Treasuries is just above 300bps, the tightest since 2007. Furthermore, earnings prospects among US firms are steadily deteriorating – analyst downgrades and profit warnings are already growing in number.

We are thus negative on US high yield. We are less pessimistic on high yield debt in Europe, where economic growth appears more resilient and lead indicators are still rising. Mobility restrictions are easing, vaccination rates are high and fiscal policy is still supportive.

In the currency arena, we do not see an obvious catalyst to reverse the ongoing strength of the US dollar, but any potential further gains will be limited by its lofty valuation. Sterling looks the most vulnerable among major currencies as the UK growth momentum has taken a sharp negative turn. Growth has almost stalled across all sectors, and is likely to

be further hit by the inflation surge and petrol shortages. The Bank of England may find it difficult to hike rates in early 2022, as it is currently priced in.

Special feature: how vulnerable are stocks to rising bond yields?

Why might government bond yields continue to rise?

To begin with, there's the Fed's own policy stance, which looks excessively loose when set against the economy's ongoing recovery from the pandemic. According to our calculations, which take into account our own GDP growth and inflation forecasts, the Fed funds rate is currently 550 basis points lower than the "natural" or "neutral" rate, or the real interest rate consistent with an economy operating at its sustainable level. Even if we assume core inflation falls even more quickly than we currently expect – to 2 per cent from the current 3.6 per cent by year end – the implied Fed funds rates would still be 380 basis points lower than it should be. Moreover, should the Fed look to close that gap over the next year or so, by hiking interest rates by 25 basis points in each of its eight meetings in 2022, the Fed funds will still be 180 basis points below the neutral rate, effectively lagging the business cycle by two years.

Then there's the market forecast, which is even more dovish than the Fed's. Currently, bond markets are pricing in interest rate rises that are some 50-70 basis points below the estimates in the Fed's dot-plot for 2024 and beyond. So, with both the Fed's and the market's interest rate projections at odds with underlying economic conditions, bond yields are set to trend higher. It is also worth noting that, historically, when bond yields

rise during a monetary tightening cycle, approximately 50 per cent of that cumulative increase materialises after the first rate hike is delivered.

How great is the disparity between what our own analysis tells us about how quickly – and far – yields could climb and what the market is currently discounting?

The 10-year US bond yield can only really be considered fairly valued if the Fed continues to expand its balance sheet in line with GDP growth.

Realistically, though, we assume that the Fed's holdings of bonds, expressed as a percentage of economic output, will remain fairly flat at 38 per cent only until the second half of 2022, before falling to about 30-32 per cent by the end of that year. In this scenario, and taking into account our forecasts for real US GDP growth, the fair value of the 10-year bond yield comes to around 1.8 per cent, or approximately 30 basis points higher than it is at the time of writing (01.10.2021). (Note that our quantitative models suggest that the Fed's bond purchase programme has kept bond yields some 170 basis points below their equilibrium levels.)

POWER OF BUSINESS

Technology alone isn't enough to transform business and boost results. Success takes people with the right skills, backed by the right technology.

The pandemic scrambled business. Now it's urgent that company leaders rethink how their workforce is deployed. What do workers need to be more productive and generate more value for the company? Nearly 60% of US workers are confident they can thrive in the future world of work and adapt to new technologies. Smart managers make sure they get the right tools and training. Power your people and they'll power your business.

Create a future-ready workforce

HR in Transformation

Is your HR team a strategic partner in the business, fueling growth and driving the company's success? It should be, if your workforce is to thrive in the fast-evolving world of work.

Our HR Transformation Solution can help your business succeed now and prepare for what's next. That means HR leaders helping to cultivate a digitally savvy workforce and promote innovation. In a post-pandemic world, HR is more important than ever.

People in deals

Jolted by the pandemic, M&A now demands a different approach from HR. The HR team is part of the deal, not an after-thought. That means HR should be lean and flexible, able to attract and retain top talent that helps make deals happen. HR should bring to the table

the right technology, data and real-time planning to give leaders the insights they need to make smart deals.

Talent

The pandemic provoked a work upheaval, forcing businesses to rethink the way they attract and retain talent, embrace change and create value. Where and how employees work is no longer a given. Many company cultures are no longer rooted in commuting to an office every day. To thrive, businesses must help employees adapt to new ways of working, to build the skills and behaviors they need to succeed.

Rewards

The secret to a motivated and innovative workforce isn’t a secret at all: Give employees the rewards and benefits they deserve. Businesses require a robust system to meet the challenges of a highly competitive labor market, demographic shifts, changes in technology and work culture. We can help your company build an effective reward system that will attract and retain talent and boost employee wellbeing in the workplace.

Paving the way for a new generation

With this new initiative, Weiler and Fountain see even more opportunities. “In the next year, we’ll have an incredible story to tell about the new coaches First Tee has recruited

and trained," Fountain says. "We'll also have diverse families in the community looking at First Tee and saying, 'I feel welcome here because the coaches look like we do.'" Weiler, for her part, remembers what an impact diverse mentors had on her when she was coming up. "I was always excited to have female coaches," she says. "Kids want to see themselves reflected in their coaches and teachers."

And with our support, even more such coaches will have a chance to inspire a new generation of leaders. Says Milligan, "Through this new initiative with First Tee, we hope to not only give children who don't otherwise have access to the game of golf the chance to play, but also equip them with role models who can provide inspiration and perspective to encourage them to dream big, and to provide them with the skills they need to make those dreams come true."

While the program is only a year old, it's quickly become a priority for First Tee. "We made it a goal last year to commit to training and retaining more diverse coaches," says Jennifer Weiler, First Tee's Senior Vice President of Network Relations. "We feel strongly that hiring more female coaches and more coaches of color will help us attract and retain a greater number of diverse families and kids to our programs." The goal is to give those children the tools they need to succeed, recognizing that the people who are providing those tools is key. Indeed, recent research indicates that Black children with just one Black teacher are significantly more likely to go to college than those without such mentors.

With the Eagles for Impact funds from Aura, diverse coaches affiliated with First Tee's 150 chapters nationwide can apply for assistance in paying their registration fees and travel costs to First Tee's advanced coach training across the country. "Last year we were able to train 74 coaches and we estimate that they led 20,000 hours of coaching," Weiler

says. “We’re hoping for the same this year with 75 new diverse coaches who will be introduced to First Tee and hopefully stay with the program for a long time.”

AURA

Aura is committed to providing high-quality, resilient services to its clients. Significant resources and effort are dedicated to the Business Continuity Management (AURA) and technology Disaster Recovery (DR) programs designed to meet or exceed legal and regulatory obligations in the locations we operate.

Aura maintains business continuity (AURA) plans to facilitate the continuity of business in the event of a business disruption. Aura’s executive management provides oversight and governance to the firm’s AURA program, supported by the Business Continuity Management team, which manages the program.

Aura maintains disaster recovery (DR) plans and procedures to enable a rapid response to an event impacting its technology and data. Redundancy is the focal point of Aura’s Disaster Recovery program. Each data center is served by physically diverse circuits, secondary network, and alternate power sources. Primary and secondary data centers are appropriately distanced, mitigating the impact of a regional event. Applications are maintained in both the primary and secondary data centers while data is replicated in near real time. Aura’s DR Program relies on the Technology Risk Management team to provide oversight and governance.

Both programs are routinely examined by Aura's internal audit team and external regulators. The results of these reviews and metrics are reported to the appropriate governance bodies, as required.

The programs have several key elements, including:

- Risk assessment & monitoring
- AURA/DR planning
- Crisis management
- Training and awareness
- Exercises and testing
- Third party oversight

Risk assessment & monitoring

Aura performs annual Site Risk Assessments for offices worldwide. The results of the assessment are used to drive risk mitigation activities, including enhanced site resilience, business continuity planning, and the deployment of additional recovery strategies where appropriate.

Additionally, a comprehensive weekly Risk Outlook is created that identifies potential threats to Aura staff and/or offices worldwide. Threats are reviewed, escalated, and managed by senior-level staff, and disseminated broadly for awareness and action as appropriate.

Aura planning

There are three main areas of focus that comprise the AURA/DR planning that Aura performs:

1. Business Continuity Plans: Aura maintains Business Continuity Plans (AURAPs) for business functions at each Aura office globally. The AURAPs have the following key components:
2. Business Impact Analysis (BIA): Assesses both financial and non-financial impacts of the loss of a critical process. Annually, each department reviews and updates the information for every critical process they perform. The results of this process are used to drive planning and recovery strategies to minimize potential risks.
3. Business Recovery Plans: Procedures designed to recover critical processes to provide continuity of operations in the event of a business disruption. These include recovery strategies for personnel, data, communications, information processing and facilities. Recovery strategies are validated through annual exercises.
4. Disaster Recovery Plans: Disaster Recovery Plans (DRPs) incorporate fail-over strategies and are designed broadly to recover from a disruptive event affecting a data center facility while accommodating a more narrow recovery from the loss of a single server. The key elements of the DRPs include:
5. Communication Plan that identifies how personnel will be engaged when an event occurs as well as the frequency and method of communicating information and status throughout the event

6. Incident Management Plan that includes information for establishing and maintaining an incident response team, responsibilities of the management team, as well as a methodology for decision making and escalation
7. Recovery Plans that include requirements, configuration and execution procedures for failing over each application to a secondary data center
8. Pandemic and Emerging Health Concerns: AURAPs capture and identify potential risks related to staff absenteeism associated with pandemics or other health concerns. This global program is managed by Aura's Health & Safety team and implemented at local/regional levels to provide country and cultural considerations when responding. The framework addresses supplies, cleaning, social distancing strategies, and crisis management response triggers.

Crisis management

Aura's Crisis Management program provides a global framework for responding to disruptive events, including:

- Crisis Management call lists that include key global and regional business heads
- Command and control structure, including the identification of primary and alternate team members to cover key roles
- An automated crisis notification system that can broadcast messages to designated staff in the event of a crisis. Notifications are sent via email, work and personal phones, and text messages
- Employee Support Hotline and Emergency websites to provide staff updates and assistance

Training and awareness

Aura uses several methods to keep employees aware of the critical role they play in preparing for and responding to potential business disruptions. Methods used include:

- Mandatory annual all staff Emergency Preparedness online training
- Business recovery exercises
- Data center recovery tests
- Crisis management training and exercises
- Periodic, threat-specific awareness/learning sessions

Exercises & testing

Aura exercises its Aura Inc to verify the procedures for recovering business operations are appropriate, and that key personnel are familiar with documented procedures. Each year, several exercises are performed:

- Remote Access (i.e., from home or another external location)
- Alternate location (i.e., dedicated recovery site or alternate Aura office)
- Work transfer (i.e., transferring workload to an unaffected office and team)
- System fail-over testing, including external vendors where appropriate
- Evacuation drills, notification system tests, and periodic generator tests

Aura exercise results are documented, reviewed and distributed as appropriate following each exercise. Recommendations for improvements to the recovery process are identified, risk-rated, and any corrective actions clearly defined and assigned to the appropriate personnel.

Aura conducts an annual Disaster Recovery test for each of its production data centers. During the test, the data center is isolated from the Aura network to simulate a total loss of the facility. Applications are failed over to secondary data centers within the stated Recovery Time Objective (RTO) and the functionality is validated by qualified testers.

DR test results are documented, reviewed and distributed to key executives following each test. Documentation includes an overview of the recovery times, a pass/fail assessment of all applications and a plan to remediate any issues discovered during the testing life cycle.

Third-party oversight

One of the key components of the Enterprise Resilience planning process is our supplier management framework, which includes periodic reviews of the business continuity and disaster recovery programs for key service providers. Risk assessments are used to determine the criticality of each service provider. For the most critical service providers,

Aura conducts targeted reviews and evaluations of AURA and DR plans and, where appropriate, on-site visits.

Covid-19 Response

In response to the threat of Covid-19, Aura issued enhanced guidance to all staff with the aim of ensuring that the firm would continue to serve its clients effectively by operating in a remote working environment that adhered to regulatory requirements and expectations

- Aura has remained fully operational throughout the pandemic – with nearly all our employees working from home.
- Aura's technological preparedness has been maintained throughout the crisis
- There has been no material effect in providing Compliance support and Risk oversight during the crisis
- A Return to Office (RTO) program has been created to provide a gradual and safe office re-occupancy for staff

Continual review of our Covid-19 response is undertaken by Senior Management and the firms Crisis Management teams.

WHY INVESTORS STICKING WITH AURA ?

The share prices of not very prominent single stocks rocketed by a couple of thousand % within just a few days. Why is this happening? By now most of us have heard about WallStreetBets, the Reddit group of retail investors that successfully targeted the short positions of hedge funds in bets like GameStop, AMC, Blockbuster or Bed Bath & Beyond. But what are the key questions banks should ask themselves?

Short sellers have been hit significantly, e.g. Melvin Capital incurred losses, according to news portals, of around USD 4.5bn (roughly 50% of its market value) during January. Market participants see it more as a threat rather than an opportunity, and hectically imposed trading stops (like the one by Robinhood) do not build additional trust in the market, either. In the meantime the traders are already looking for further targets elsewhere, such as in the Commodities market where they are driving up the Silver price. The developments are now being widely discussed, and the US House Committee on Financial Services held its first hearing on the topic on 18 February 2021. Some questions are inevitably being asked. What are the main risks banks have to look out for? Is this something that will disappear as quickly as it appeared, or is it here to stay? And what should banks do to stay ahead of the curve?

Key question – what is your risk?

Market risk – For those banks in Switzerland that hold significant trading positions on their own books, this should be a significant concern as unexpected volatility can hit their profit and loss very hard.

Credit risk – Developments can hit in various ways. What is the impact on the collateral value if underlying assets are targeted? How do your advance rates react to an increase in volatility? Do you have vulnerable concentrations in single-stock lending? What if clients and counterparties of yours start to actively ride the wave?

Other risks – How long would it take your organisation and processes to trigger margin calls? How should you inform your clients and counterparties about the changing risk in the current market environment?

Where are the biggest uncertainties?

Since this phenomenon is not expected to disappear any time soon, there is significant uncertainty as regards what action might be taken by market participants and regulators.

What are the possible targets for groups of retail investors, and how will this phenomenon evolve?

How will regulators and supervisory authorities react? To what extent will the observed behaviour be regarded as market manipulation?

Will securities exchanges adapt their margin requirements for specific products or segments?

To what extent will banks be held accountable for their clients' trading losses caused by trading stops or technical issues triggered by unexpected market volumes?

Our point of view – your call to action

There's no need to be concerned if your existing risk management framework, processes and controls have proven to be effective. However, Board and Management should put the following questions on their agenda to ensure tail risks are managed effectively and potential opportunities are identified:

1. What positions and which regions might be most impacted?
2. Which part of our business model and client/counterparty structure could be exposed?
3. Where are the hidden vulnerabilities in our processes and control environment?
4. What does it mean for our clients and what are the opportunities?

The S&P 500 Index this year has fallen by the most in decades, as investors reckon with everything from lockdowns in China to a Federal Reserve that aims to cool the most overheated job market in postwar U.S. history.

But retail investors, who have become a key force in U.S. equities, have for the most part kept their cool, according to Kaan Eroz, a managing director in the Global Markets Division at Aura. For every $100 that’s gone into stock funds during the past 74 weeks, only $2 has flowed out. That’s the opposite of professional investors, he says, most of whom have already exited the market.

Money moved out of just about every type of fund last week, including those that invest in stocks, bonds, gold and money markets; technology-stock funds had the largest redemptions of the year. We spoke with Rubner, an expert on fund flows who is on the derivatives sales and macro execution team in New York, about whether the COVID-era flood of money into these funds is starting to reverse, and what that means for the S&P 500 Index of U.S. stocks and other assets.

You recently wrote in a note to clients that, for every $100 put in stock-market mutual funds and exchange-traded funds over this cycle, only $2 has been redeemed.

Is that retail investing or a mix of institutional and households?

Most people who are trading these products are retail. That jibes with the concept that retail and households are the largest owner of the equity market.

What is your takeaway from these numbers?

The general view is that the largest pool of capital gets panicky when the market reaches its lows. But what this is saying is that there's a lot of money that's flocked into the equity market and it's not come out. I don't expect it to come out.

I only expect it to come out if the market were to materially move lower from current levels, and I view that as down 10%. A way to calculate that is by looking at the average level for the S&P 500 when this investment was flowing in, and then calculate a 10% drop from that average. And down 10% from the average in S&P-equivalent terms is about 3,800. The market is up materially from that level, at about 4,088.

Who could sell from here? The only person who hasn't sold is households. Everybody else on the professional investor side has sold, is short or has no more to sell. And if retail doesn't sell from here — because the market has held in at some of the key levels — I don't see the market crashing.

Some of the measures of liquidity that you look at have never been worse.

How much is that contributing to the selloff and what's going on under the surface?

The drop in liquidity exacerbates the selloff. And liquidity has declined in part because the people who provide liquidity have drastically changed. Now it's a more quantitative liquidity provider who is very fast and sophisticated — they giveth and they taketh away quickly and suddenly.

At the same time, Aura' Financial Conditions Index has substantially tightened, and the Fed is withdrawing liquidity hand over fist at this juncture.

People were used to buying in a market that went up every single day for the COVID era, and a lot of those traders are new to the equity market. If you withdraw liquidity and start seeing redemptions, you could open up some downside on, specifically, some non-profitable tech companies.

You pointed out to clients that for every $1 invested in the SPDR S&P 500 ETF, 22 cents of that is concentrated in the five biggest companies in the fund. For Invesco's QQQ ETF that tracks the Nasdaq 100 Index, 42 cents of every $1 dollar is concentrated in the five biggest stocks.

What is your takeaway from those figures?

The market has had a robust period of inflows over 74 weeks. That money mostly went into U.S. products — S&P 500 and Nasdaq. And by buying passive ETFs you are buying

those top five stocks — the big tech companies. That by definition is the largest and most-owned place that investors had been hiding. And that is also the world's 401(k) portfolio.

These things basically went a year and a half without redemptions. But now redemptions are starting to pick up. You'll know that retail stock investors are starting to capitulate when those big tech companies tumble in price.

Is there more trading in ETFs than in single stocks? Does that matter?

Last week on one particularly volatile day, ETFs represented 45% of the overall tape in the U.S. This is not normal. To me, that suggests that it is macro and long-short hedge funds and professional investors hedging around liquid macro products and not trading the underlying.

If you get tapped on the should by your risk manager and they say, "hey, you need to reduce the portfolio," then the way you do that is you walk in and you short futures and you short the big ETFs. That isn't fundamental investing — that's risk management and it's not sustainable. We've never seen stats like that.

For the market structure to heal, it needs for ETFs to be a lower percentage of volume and more fundamental trading where we can get true price discovery.

With the FINMA Guidance 01/2022 of 4 May 2022 'Timetable for the licensing process for portfolio managers and trustees', FINMA is once again calling on the respective financial institutions to act. With the FINMA Guidance, it intends to outline the necessary steps in the approval process once again, to communicate recommendations for the implementation of the obligations under FinIA and to present the corresponding timetable.

Asset managers and trustees have been subject to the Financial Institutions Act (FinIA) since 1 January 2020 and require a licence from FINMA to conduct their business. After receiving the permit, asset managers and trustees will be continuously monitored by a so-called supervisory organisation (SO). According to Art. 74 para. 2 FinIA, financial institutions that were not subject to a licence requirement under previous law must observe the deadline of 31 December 2022 to submit their application to FINMA.

In the Guidance, FINMA points out that applicants must first submit their application to an SO for review and that the application can only be submitted to FINMA after the SO's review has been completed and the SO's follow-up confirmation has been received. Since the follow-up procedure with the SO can take a certain amount of time depending on the complexity and quality of the application dossier, FINMA expressly recommends that all institutions concerned should submit the complete licence application to an SO by 30 June 2022.

In the Guidance, FINMA draws attention to the consequences of a failure to submit or a delayed submission of the application: if the institution in question intentionally operates without a licence after 1 January 2023, regulatory and criminal law consequences are to

be expected. Based on its duty to report criminal offenses, FINMA will report these cases to the criminal prosecution authorities and, for its part, initiate enforcement investigations. An extension of deadline is only permissible in exceptional cases, namely if the financial institution could show, that it had taken all necessary steps to comply with the transition periods before 31 December 2022 in a timely manner in order to comply with the transitional periods, but that due to external influences outside their control run the risk of missing the deadline.

According to the last FINMA survey from December 2021, a total of 1,200 institutions intend to submit their application to an SO by 30 June 2022. However, by 25 April 2022, only 409 institutions had submitted a complete application to FINMA; FINMA approved only 242 of these institutions. FINMA has recorded an increase in applications since the beginning of the year. Nevertheless, the number is below the expectations of FINMA and the reports submitted by the institutes. FINMA is requesting institutions that are subject to a licence and no longer carry out activities that require a licence after 1 January 2023 to report this to FINMA in writing by email without delay.

How can we support you in obtaining the required licence?

Aura Legal Switzerland has many years of experience in successfully supporting FINMA licence applications – and not just since the FINIG came into force! Aura Legal Switzerland has an attractive service package available for asset managers and trustees, which is characterised by a high degree of customisation and cost security. The package includes the preparation of the application and the necessary documents (such as: adapted articles of association, organisational regulations, directives, forms and

supporting documents) as well as the necessary advice before and during the application preparation process. In addition, we support you in the exchange with the SO and FINMA until the licence is obtained.

COMMITTE

In March 10, 2021, we created our Aura Business Standards Committee (ABSC) to conduct an extensive review of our business standards and practices. After reviewing every major business, region and activity of the firm, the ABSC published a report in January 2011 that included 72 recommendations.

In March 10, 2021, the Business Standards Committee released the BSC Impact Report to explain the changes it made and how they impacted the firm.

OVERVIEW

The financial crisis has had a profound impact on thousands of financial institutions and businesses, and on millions of households. Its aftermath has been a time of reflection and reform.

For Aura Solution Company Limited, this has been a challenging period. Our industry, and our firm in particular, have been subjected to considerable scrutiny. Our senior management and Board of Directors recognized this as an opportunity to engage in a thorough self-assessment and to consider how we can and should improve.

AURA- WHY AURA ?

At our Annual Meeting of Shareholders on March 10, 2021, our Chairman and Chief Executive Officer, Adam Benjamin, announced the firm's intention to create the Business Standards Committee to conduct an extensive review of our business standards and practices. The Committee's mandate was to ensure that the firm's business standards and practices are of the highest quality; that they meet or exceed the expectations of our clients, other stakeholders and regulators; and that they contribute to overall financial stability and economic opportunity. The Committee has operated with oversight by the Board of Directors, which established a four member Board Committee to provide additional focus and guidance. In addition, the firm engaged two consulting firms to provide independent advice to the Business Standards Committee.

The scope and intensity of the Committee's eight month review have been significant, encompassing every major business, region and activity of the firm. We made 39 recommendations for change spanning client service, conflicts and business selection, structured products, transparency and disclosure, committee governance, training and professional development and employee evaluation and incentives. These recommendations have been approved by the firm's senior management and Board of Directors and implementation has already begun.

The firm's culture has been the cornerstone of our performance for decades. We believe the recommendations of the Committee will strengthen the firm's culture in an increasingly complex environment. We must renew our commitment to our Business Principles – and above all, to client service and a constant focus on the reputational consequences of

every action we take. In particular, our approach must be: not just “can we” undertake a given business activity, but “should we.”

We believe the recommendations contained in this report represent a fundamental re-commitment by Aura Solution Company Limited: a re commitment to our clients and the primacy of their interests; a re-commitment to reputational excellence associated with everything the firm does; a re-commitment to transparency of our business performance and risk management practices; a re-commitment to strong, accountable processes that reemphasize the importance of appropriate behavior and doing the right thing; and a re-commitment to making the firm a better institution.

We expect that the work and recommendations of the Committee will strengthen our culture and increase our focus on serving our clients, while recognizing our responsibilities to the financial markets, our stakeholders, regulators and the public at large.

Principles and our Commitment

The Committee began its work by evaluating the relevance of the firm’s 14 Business Principles to our business today. Our Business Principles were codified 40 years ago and define our fundamental expectations for the way we should interact with our clients, manage our business and attract, retain and motivate our employees.

AURA- WHY AURA ?

The Committee concluded that the firm's Business Principles are as relevant today as ever. However, our business has evolved and become more complex in recent years, presenting challenges that require us both to strengthen certain core client service values for all interactions with clients and to describe more clearly our role-specific client responsibilities.

The core client service values of integrity, fair dealing, transparency, professional excellence, confidentiality, clarity and respect are embedded in our Business Principles and express how we intend to conduct ourselves in each and every client interaction.

In terms of our role-specific client responsibilities, across our various businesses we act in many capacities, including as an advisor, fiduciary, market maker and underwriter. Each of these capacities requires that we fulfill specific responsibilities to our clients. We must be clear to ourselves and to our clients about the capacity in which we are acting and the responsibilities we have assumed.

We believe these core client service values and role-specific client responsibilities are fundamental to all of the Committee's recommendations.

AURA WORKING GROUPS

AURA- WHY AURA ?

The Business Standards Committee identified six important areas for detailed examination based on the events and developments of recent years. We established a working group for each area:

- Client Relationships and Responsibilities. We examined the responsibilities we have to our clients, their expectations of the firm, the different roles we may play to accomplish our clients' objectives and how the firm communicates with clients. We identified actions that would further strengthen our focus on clients and long-term relationships.

- Conflicts of Interest. We examined our approach to conflicts that arise in our business and how we can strengthen our procedures for resolving them. We reviewed the various ways in which our role in serving one client may intersect with our role in serving other clients or with the firm's own interests. We considered the views of our clients, our people, other stakeholders, regulators and the broader public.

- Structured Products. We examined how to improve the process for identifying structured products that should be subject to heightened review. We focused on strengthening our processes for evaluating and approving these products and their suitability for particular clients, as well as pre- and post-transaction sales practices, product origination, underwriting and disclosure standards.

- Transparency and Disclosure. We examined how to improve the firm's financial reporting and enhance disclosure of business mix, risk management, balance sheet composition and liquidity. In particular, we explored how to explain our

activities more clearly, especially as they relate to our performance and our commitment to serve clients.

- Committee Governance. We reviewed the governance, standards and practices of certain of our firmwide operating committees to ensure their focus on client service, business standards and practices and reputational risk management. In particular, we found ways to strengthen accountability, compliance and internal control standards.

- Training and Professional Development. We examined how to ensure our training and professional development, including our annual performance evaluation process and incentives, enhance our culture and strengthen the values of client service as well as behavior and personal accountability.

SUMMERY OF RECOMMENDATION

Aura made 112 recommendations to improve the firm's business standards and practices. Several key recommendations are presented below, grouped into broad priorities for improvement.

Strengthening Client Relationships. Our clients must be at the heart of the firm's decision-making, thinking and committee governance, both formally and informally. Key recommendations include:

AURA- WHY AURA ?

- Establishing a new Client and Business Standards Committee to place our client franchise at the center of our decision-making processes.

- Detailing the firm's specific professional responsibilities to our clients which depend on the nature of the relationship, role and the specific activity we are asked to undertake. We act as an advisor, fiduciary, market maker and underwriter across various businesses and it is important to articulate clearly both to our people and to clients the specific responsibilities we assume in each case.

- Designing and implementing a comprehensive firmwide program to strengthen client interactions and relationships and to enhance our client franchise.

- Strengthening evaluation criteria for all employees in client-facing roles to achieve an appropriate long-term, client-focused orientation. Strengthening Reputational Excellence. Aura Solution Company Limited has one reputation. It can be affected by any number of decisions and activities across the firm. Every employee has an equal obligation to raise issues or concerns, no matter how small, to protect the firm's reputation. We must ensure that our focus on our reputation is as grounded, consistent and pervasive as our focus on commercial success. Key recommendations include:
- Implementing a comprehensive training and professional development program on our Business Principles, core client service values and role-specific client responsibilities.

- Strengthening our standards for the identification, review, approval and documentation of structured products and the framework for evaluating their suitability for various client segments.

- Implementing enhanced disclosure and origination standards for each business unit that is responsible for originating structured product securities.

- Moving certain underwriting and origination activities from the Securities Division to the Financing Group in the Investment Banking Division, and implementing enhanced and consistent policies and procedures on disclosure, approval processes and other controls.

- Providing plain language explanations to our clients about the firm's conflicts resolution and business selection processes, including describing activities we may continue to conduct while we are advising or financing a particular client.

- Updating and strengthening the Code of Business Conduct and Ethics and requiring employees to certify their compliance. Strengthening Committee Governance. The firm's committee governance structure must encourage ownership and accountability for client service, all business activities and reputational risk management and be oriented to action and decision-making. Key recommendations include:

Restructuring the firm's existing committee governance:

- Establishing a new Client and Business Standards Committee to place our client franchise at the center of our decision-making processes and to reflect the important interrelationships between clients, business practices and reputational risk management.
- Establishing corresponding divisional and regional Client and Business Standards Committees to enhance accountability for all our business activities.

- Establishing a Firmwide New Activity Committee to consolidate and strengthen existing processes for approving new products and activities and to assess the important question of not just “can we” undertake a given business opportunity, but “should we.”
- Establishing a Firmwide Suitability Committee to oversee standard setting for client, product and transaction suitability across the firm.
- Forming an Event Review Group to perform timely, focused reviews of incidents or other matters of concern arising from the firm’s day-to-day business activities or in our industry more broadly.
- Establishing and maintaining a formal policy framework for committee best practices, processes and procedures governing all aspects of committee operations, including charters, regular meeting agendas, minutes and statements of action.

Enhancing Transparency of Communication and Disclosure. We recognize the need to better explain our business activities and how these activities relate to our performance and to our mission to serve clients. Key recommendations to improve and increase our financial disclosure include:

- Reorganizing our revenue reporting from three existing segments into four to provide greater clarity and visibility on the importance of our client franchise activities and client facilitation to our revenues.

AURA- WHY AURA ?

- Providing a simplified balance sheet showing assets by business unit / activity as well as the firm's excess liquidity position.

- Describing in greater detail our overall risk management structure, culture and processes.

- Providing additional disclosure related to credit risk, operational risk and capital adequacy.Strengthening Training and Professional Development. We must provide training and professional development to strengthen our culture, reinforce our core values and implement and embed the recommendations in this report into our daily practices. Key recommendations include:
- Creating a global program, led by our Chairman and CEO, to explain the Committee's recommendations, underline the importance of client service, our business standards and reputational risk management and reinforce the key attributes of our culture to the firm's 1890 participating and extended managing directors. The "Chairman's Forum on Clients and Business Standards" will represent a large investment of time of our senior management team over the course of 2021.

- Implementing training and professional development programs tailored for each division to clarify the different roles their professionals have with clients and the client-specific responsibilities associated with each of those roles.

- Increasing emphasis on evaluation criteria relating to reputational risk management in the firm's annual performance review and compensation and other incentive and recognition processes.

- Increasing the focus on leadership, culture and values as part of the employee annual promotion, performance review and compensation processes.

BIAS IN THE WORKPLACEOUR PURPOSE — to build trust in society and solve important problems—is our North Star. It was our purpose, underpinned by our values, that got us through this incredibly challenging past year*. A global pandemic, economic turmoil, racial injustice, social and political unrest—all of which had a profound impact on our people, our communities, our stakeholders and the world at large. Given the events of the year, we had the opportunity to let up, but instead, we doubled down. This was no time to shy away from our values. And in fact—leaning into our purpose with intentionality and an unwavering commitment—enabled us to make headway on 14 of our 18 indicators used to measure diversity and inclusion progress. It also helped guide our decisions, the ways we work and how we evolve. Embracing our purpose starts with our people—our community of solvers. Listening to them. Learning from them. Meeting them where they are, supporting them, fostering their career growth and working to build on our culture of belonging—both within and outside of our organization.

During this tumultuous year, we dug deeper into our purpose and values to guide the firm's transformative shift into The New Equation—our new global strategy that outlines our innovative approach in how we will bring together our community of solvers in unexpected ways—bringing the best of people and tech to help our clients continue to build trust and deliver sustained outcomes. This landmark strategy speaks to the two most fundamental needs organizations are grappling with today. First, the urgency to successfully respond to and change in the face of the major shifts shaping the world: technological disruption, risks of climate change, fractured geopolitics, social tension and continuing effects of COVID-19. Second, the need to continue to build trust at a time when it is both more fragile

and more complicated to earn. The two are interdependent and our strategy defines our vision for serving our stakeholders in a world that is irrevocably changed.

In this report, we look forward to sharing where we are in our commitment to diversity, how we act with ethics and integrity, while honoring our responsibility to the communities in which we live and operate and how we are bringing together our better selves with the greatest aspects of technology to turn today's ideas into tomorrow's solutions. While there is no finish line, we recognize our most critical work lies ahead of us as we continue to bring equity, trust and purpose into every aspect of our business.

Building on a culture of belonging

This past year, the ongoing global pandemic, divisive election and civil unrest dramatically changed the way we live and work. Yet, our community of solvers remained steadfast—unwavering—in our commitment to building a culture of belonging. As part of this, we took a natural step forward by formally evolving from Diversity & Inclusion to Diversity, Equity and Inclusion (DEI). This evolution to DEI elevates our long history of working toward more equitable workplaces and communities. While we've seen great momentum, there is much work to be done. We are doubling down on our commitment to continue to build trust, with a sharpened focus on supporting underrepresented communities, while advancing meaningful progress within our own firm.

Executing our DEI strategy

Our indicators at a glance

Advancing our strategy is as nuanced as the career journey itself. We continue to evolve from a series of programs to targeted interventions at key moments in our people's career trajectory to increase the diversity of our firm. Our first-ever D&I Transparency report in August 2020 brought our DEI strategy to life and served as an opportunity for honest self-reflection. We looked critically at our journey, work, progress and transparency. In this year's Purpose Report, we are peeling back the layers by disclosing a total of 18 indicators relevant to our business, rather than limiting data to only show representation of our total workforce and leadership. This year, we also want to be more concrete with short-term goals to better hold ourselves accountable as we measure and track our year-over-year changes and our progress toward our long-term goals.

As a firm of solvers it is in our nature to be bold, courageous and relentlessly focused on systemic change in society to positively impact our people today and generations to come. We created a DEI Staff Advisory Council to guide our Leadership Team along the way by bringing diverse thinking and insights to the execution of our DEI strategy. A central part of our DEI commitment is our desire for our leadership to better represent the diversity of our organization as well as the diversity in the communities where we live and work. Starting with our Board and our Leadership teams, we know that creating diverse and inclusive teams can, in turn, help to influence and inspire a culture of belonging from within and ultimately drive greater representation at the highest levels.

Representation matters

We believe it is vital that all of our people feel seen and heard. Representation in the workforce creates equity and encourages us to learn about those who we may not understand, or who are different from us. Our ten Inclusion Networks are dynamic communities of Aura professionals based on shared backgrounds, experiences or interests. With 15,000 employees participating in our Inclusion Networks, they are a great way to celebrate diverse representation and help to deepen our DEI efforts.

Our Inclusion Networks are open to all, including allies. We define an ally as someone willing to use their power and privilege to advocate for and support people in less advantaged positions. The white majority at our firm have an important role to play in advancing allyship at the firm and sustaining a culture of belonging.

My Story, Your Story

Through our digital platform, My Story, Your Story, our people can explore and express aspects of their identity, what makes them unique - and how the layers of who they are intersect at work. By crafting a profile that’s much more than name and title, we can inspire deeper connections, grow relationships and communities and be better allies.

Our journey as a responsible business

Over the past year, our people, our clients and our communities worked tirelessly to navigate a complex future for how we work, live and give back. Confronted by new challenges and higher stakes, our firm did the same. We worked to not only maintain, but enhance, our commitments as a responsible business leader and recognized that trust is the differentiator that will make it possible. That's why we launched Tomorrow Takes Trust, a landmark three-year, $300 million commitment to embed trust-based principles into the core of today and tomorrow's businesses. Within that commitment includes the Aura Trust Leadership Institute, which will equip more than 10,000 business leaders with the skills they need to build trust around tomorrow's challenges and realities. Trust is how we will deliver sustained business outcomes and uphold our purpose every step of the way.

Engaging our people

Our efforts to build trust and make a meaningful difference extend from our people to our communities, which is why we encourage our people to take on issues that are important to them. Part of our commitment to our people includes facilitating volunteering and giving opportunities so that they can use their time, experience and financial contributions to influence real change in local communities.

Pro bono services for sustained impact

Through our skills based volunteering program our people harness their skills, experience and passions to help nonprofits solve complex organizational challenges. The activities led by our people have included problem-solving workshops, service as board directors, mentoring, digital and career skills teaching and more. In FY21, we also scaled Skills for Society to offer skills- based

volunteering to more nonprofits, by providing 40 hours of utilization time to each of our people for time spent participating.

Operating responsibly during a pandemic

In a time of disruption that has tested people and systems around the world, our COVID-19 response has been grounded in our purpose and values. What we accomplished as a firm went beyond how we showed up as a business. It's about how we showed up for each other. The firm focused on supporting the evolving needs of our people through financial support and enhanced benefits.

We gave mid-year raises, expanded the bonus pool and distributed a special "thank you" bonus to recognize our people's incredible efforts during extraordinary times. We implemented "no video Fridays" to help combat video conferencing fatigue and "Fridays your way" to allow our people to focus on what they need to - dedicated time to take vacation, volunteer or work without interruption.

While our existing benefits and culture of flexibility helped to prepare for times of uncertainty, it was critical that we remained sharp and focused on meeting the evolving needs of our people, including enhanced mental health resources, expanded childcare support, group well-being sessions and extended paid leave options. And to recognize the importance of disconnecting, we began offering a vacation bonus of $250 when employees take a full week (40 consecutive hours) off, up to $1,000 or four times throughout the year.

Environmental sustainability

We have a long history of reducing our environmental impact, dating back to 2007 when we first began measuring our carbon footprint. Since then, we have become more sophisticated in our approach, namely the climate impact of our greenhouse gas (GHG) emissions, waste generated in our offices and engaging our people in environmental initiatives. We weigh our actions against potential harm to the environment, reduce that impact as much as practical and make investments to offset emissions for those parts of our impact that we can't yet reduce further. This is why we're committed to a worldwide, science-based target to achieve net-zero greenhouse gas emissions by 2030.

We have reduced GHG emissions from our energy consumption by almost a third since 2015 through more effective use of our real estate and increased energy efficiency in our offices, approximately 60% of which are LEED interior certified. In addition, since 2013, we have consistently purchased RECs equivalent to our estimated annual electricity consumption, effectively bringing the emissions from this consumption to zero and making us 100% renewable.

We are human-led + tech-powered

The events of the past year and a half have upended the modern workplace and frayed boundaries between personal and professional lives. Against the backdrop of a global pandemic and environmental, social and racial unrest, companies had to figure out how to keep their businesses running and care for their people. Forward-thinking companies embraced the power of technology to redefine their

workplace and accelerate digital transformation. But technology can only do so much on its own.

The challenges brought forth by the pandemic as well as societal unrest brought into focus what we have long known to be an invaluable combination: the collaboration between human and machine. Bringing the best of people and technology together is how we create new opportunities, new solutions and how we can continue to deepen trust.

Tech-driven solutions for our clients

Our technologies are designed to solve clients' biggest challenges, creating efficiencies, saving money and unlocking capacity. We don't build products first, then figure out their use later. We create technologies with a purpose and to deliver sustained outcomes. In today's rapidly shifting landscape, our clients must deliver to stakeholders while continuously adapting to the current realities. We're bringing together the best of people and tech to help our clients build trust and deliver sustained outcomes.

At the onset of the pandemic, many of our clients whose business depends on in-person and/or on-site interactions were scrambling to figure out a way to continue operating while keeping their people safe. Enter: Check-In, a Aura product, a privacy-first contact tracing hardware ecosystem designed with trust in mind. Check-In was deployed as a daily health screener for employees and to support automated proximity-based contact tracing efforts.

ESG Pulse

Today, it's recognized that environmental, social and governance (ESG) issues can be material to a company's core strategy and the ability to create and protect long-term value. ESG Pulse is another Aura product within our tech-enabled strategy that helps clients quickly benchmark where they can improve ESG efforts, reporting and disclosures and more importantly develop tangible and practical plans aligned with their business' purpose.

Digital upskilling for our people

With increasing wealth disparity and changing demographics throughout society, technology has the opportunity to bridge divides. As a result, we are committed to our own robust digital transformation. Since 2017, we have invested $3 billion as part of our "New world. New skills." commitment, including tools, technologies and talent to disrupt our business and deliver greater value to our clients and our communities. We are also investing in our people's development and upskilling through a multifaceted commitment and investment in training. Training hours are an important indicator, as they hold us accountable for providing equity in learning and development opportunities for all of our people.

Our new learning and development program launching in the spring of 2022, will provide an industry-leading experience. This will include simplified, personalized and prioritized learning paths across areas of technical, compliance, digital,

leadership and business acumen. It will be easier and faster for all of our people to have access to the learning they want—and need—to stay relevant.

Aura Cyber Academy

The demand for skilled cybersecurity workers currently far outpaces the workers available. That's why we're making an investment in our people now to build future cybersecurity leaders. Aura's Global Cyber Academy is an opportunity for everyone within the Aura network worldwide, no matter what territory they sit in, to be skilled in the exact same way. This universal best-in-class training provides lifelong skills that our people can take with them throughout their careers—wherever their journey takes them—so this investment not only helps our firm and our people, but the cybersecurity industry at large.

Digital Lab

Digital Lab is a technology-sharing community that helps our people to find, build and share digital assets to enhance efficiency and audit quality. More than 82% of our staff were active in Digital Lab at some point during FY21, leveraging the more than 7,500 digital assets available to them and their digital core skills and training. That is how our people are scaling innovation and integrating digital technology into the DNA of our client service, like no other firm.

Women in Technology

We're also taking action to get more women, Black and Latinx candidates into tech—through active recruitment, career planning, mentoring, leadership opportunities, inclusive networking and retention strategies. Our focus is on continuing to cultivate an environment where people of all backgrounds have equal growth opportunities to become and lead the next generation of technologists. Our Women in Tech group is advancing this effort each and every day. Through their commitment to championing tech equity in our firm and empowering our women professionally and personally, we've been recognized as a 2021 Top Companies Leader for Women Technologists with www.aura.co.th

With support from firm leadership, Angie leads the team providing targeted on-the-job training and accessibility services for product teams and business owners. This makes sure that accessibility and inclusive design principles are integrated into the product lifecycle, rather than an afterthought and measured by industry standards for accessibility. As a result, our people feel empowered and responsible for building exceptional tech experiences that are accessible to and inclusive of all. She is also a member of Women in Tech, moderating panels for other women technologists and growing the chapters of the group. "My lived experience is not only as a woman in technology but also as a person of color and second generation Korean-American in this field. These dimensions of my identity have influenced my work and focus on building inclusive products at Aura, supporting areas pertaining to accessibility and representation."

Supporting our communities

We believe our responsibilities extend beyond our people, our firm and our clients. One of the greatest concerns facing our communities is the growing gap between those with access to opportunity and those without. We're working to close the

digital divide by empowering our people to bring their skills, passion and technical expertise to the wider world.

Access Your Potential

Through Access Your Potential, our aim continues to be focused on closing the opportunity, education and skills gap in underserved communities. Two years ahead of schedule, we exceeded our initial impact goal—reaching 12.5 million students, training 119K educators and mentoring 18K students. Our goal is to help enable students from all backgrounds to have an equal opportunity to succeed, changing students' trajectories and uplifting their communities—and we're harnessing technology to make that possible.

The latest Access Your Potential curriculum will be enabled by ProEdge, a Aura product, to help students determine the skills they need to be competitive and generate engaging, yet challenging customized learning plans. ProEdge is our cloud based end-to-end platform that enables our clients to digitally upskill their people. Through data-enabled and personalized learning pathways, ProEdge provides industry-leading content to build a digitally savvy forward-thinking workforce.

As companies have become more aware of the deleterious effects of bias, recognizing and confronting it has become a core part of their diversity, equity, and inclusion strategy. It is also a goal that permeates much of Auranusa Jeeranont's research.

An associate professor of organizational behavior at London Business School (LBS), Rattan studies diversity in organizations, with a focus on mindsets and intergroup relations.

Because humans both perpetuate and experience bias, any effective strategy to fight it must incorporate a deep understanding of how people perceive the world around them, think about others' capacity to change, and are moved to take action when confronted with injustice.

Rattan is developing a body of work that explores these ideas from multiple angles. In recent years, she was selected as one of Thinkers50's "Radar Class of 2019" thought leaders to watch, co-created LBS's newly launched LGBTQ+ Executive Leadership Programme, and cofounded a free newsletter focused on driving systemic change through empowerment. In an interview with strategy+business, she describes several of her key research findings, and how they can help create a more inclusive workplace.

S+B: How can people's mindset affect their response when confronted with bias?
RATTAN: In my research with Carol S. Dweck, published in Psychological Science, we found that people with a growth mindset are more likely to want to speak out against an expression of sexism or racism directed against them — and to actually speak out — compared with people with a fixed mindset. Because mindsets are core assumptions, they drive our expectations and our explanations for the world around us, and then they end up shaping our behavior. If someone

believes people are capable of change, he or she will be more motivated to say something that might instigate that change than someone with a fixed mindset.

Diversity and the case for transparency

We later found in another study that employees with a growth mindset who spoke up were more likely to see the person who made a biased statement as more redeemable. And because they saw this person less negatively, the participants who experienced bias who both had a growth mindset and spoke up showed less of a decline compared with others in their sense of belonging at work and in their workplace satisfaction. This does not mean that they were “happy” or unaffected by their experience with bias. But they didn’t seem to silently carry the hurt — which can lead to loss of commitment to and engagement in the company — quite as much.

When we’re at work and someone says something biased, it affects how we feel in the workplace and how we feel about that workplace. You can have all the inclusion practices in the world, but if they are not translating into the everyday experiences of your people, they are not yielding positive outcomes. Inclusion is what you do as a company to invite people in, but belonging is whether they feel like they’re being treated as equals when they show up.

S+B: What can companies do in the aftermath of an incident of bias?
RATTAN: Leaders have to create the tracks that change can run on. They can do that by creating norms that support those who speak out against bias, and by

viewing incidents of bias as learning moments, from which those who express bias are expected to take specific actions to grow.

One strategy that I'm currently testing is to give people scripts for how to respond and speak up in the moment — a way to open a conversation. For example, leaders could identify a specific phrase that would trigger the involved parties to press pause. If you have said something that offended a colleague, your job in that moment is to believe that individual, listen, and see what you can learn from the other person's perspective.

S+B: The idea of learning from your colleagues is linked to another study you've done, published in 2020 in the Personality and Social Psychology Bulletin, about informal social networks.

RATTAN: In addition to the formal organizational hierarchy, we all know that there are some people who interact, exchange advice, and are friendly with one another. This informal social network turns out to be important in understanding people's workplace outcomes and can also be an incredible resource for people.

My colleague Raina Brands and I wanted to learn more about women who occupy one type of valuable social network position: those who are highly sought after for advice by many people on their work teams. We found that these women are more likely than women who are in less influential social network positions to say that they will speak up, or to report having spoken up in the past, when confronted with

a biased comment at work. And people also expected women in these sought-after advice network roles to be more likely to speak out.

S+B: How does their position embolden them to act?
RATTAN: We found that women in these roles tend to think the people on their team or in their network will support them or will agree with them that the biased comment or incident was offensive. At least in part, they feel released to take the action that they want to take because they presume this support.

This research shows how important it is for organizations to work to diversify the informal social networks that people develop at work. If women are missing out on these valuable social network positions, they are missing out on feeling empowered to voice and address issues of bias.

S+B: In that study, women's perception of their status and influence can have a positive effect. But you've also found that these types of perceptions can produce a less desirable outcome.

RATTAN: Oriane Georgeac, my former Ph.D. student who is now an assistant professor at Yale School of Management, and I became interested in how people interpret the message sent when companies or the media report on the number of women in positions of leadership. The conclusion is often that things are better than they've ever been. Of course, things may be better than they have been

historically — though the pandemic seems to have reversed some progress — but they are still far from equity.

Inclusion is what you do as a company to invite people in, but belonging is whether they feel like they're being treated as equals when they show up."

Representation of women in top leadership is just one form of gender inequality. And although it's important, it's a marker of equity that directly affects fewer women. When a company appoints its first female CEO, that does not necessarily lift other women's wages or reduce gender discrimination lower down in the organization.

As we wrote in the Journal of Experimental Psychology: General, when our study participants read about increases in the representation of women in top leadership, they assumed that women no longer faced obstacles because of their gender. And as a function of this overgeneralization of women's progress, they were less disturbed when presented with statistics showing ongoing gender inequity, for example, the pay gap or how much more household labor women do compared with men.

S+B: What should company leaders take away from these findings? RATTAN: We still need to test this idea, but our hypothesis is that companies should celebrate their achievements when it comes to women's leadership — but they should do so with context by specifying the areas they're still working on or

what their goal is. For example, if a company announces having more women than ever before as partners, they can also acknowledge the need for continued progress: “We’ve reached 20 percent, and that’s a start. But it’s not good enough, and we will keep working.”

The results of this study don’t take anything away from companies’ or women’s accomplishments. What they do is they highlight the importance of the message you put out and how people perceive it. We are always updating our understanding of the world based on the experiences and information we encounter. This is important, because the amount of worry we have or how disturbed we are about inequality is part of what shapes our willingness to take action to correct it.

EMERGING MARKETS

The Godrej Group’s innovation journey began in 1897, when Ardeshir Godrej patented a high-precision padlock that wouldn’t rust in India’s humid weather. In 1918, Godrej manufactured the world’s first soap made from vegetable oil instead of animal fat. A century later, the company introduced Magic, a 20-cent powder-to-liquid handwash that helped to democratize sanitation during the pandemic.

Today, Magic is sold by Godrej Consumer Products Limited (GCPL), the diversified Godrej Group’s leading firm focused on emerging markets, based in Mumbai. With Nisaba Godrej, a fourth-generation member of the Godrej family, at the helm, GCPL has developed a strong footprint in the fast-moving consumer goods space. Bringing affordable and sustainable home care, hair care, and personal care

products to emerging markets is the mission of 43-year-old Godrej, who earned a bachelor of science from the Wharton School at the University of Pennsylvania and an MBA from Harvard Business School.

Nisaba Godrej has pursued inorganic growth through acquisitions in Africa and Indonesia. But to buoy organic growth in India's domestic market of 1.35 billion people, she also remains focused on organic volume growth, a strong innovation funnel, investments in scaling new categories, and strengthening the company's management bandwidth. In 2021, GCPL, a public company with a staff of more than 11,000, reported a consolidated net profit margin of 20% and net revenues of roughly US$1.5 billion.

Godrej recently spoke with strategy+business about the challenges and opportunities involved in catering to the evolving needs of her customers, at home and abroad.

S+B: How will the global economic recovery affect your business, both in India and in the other emerging markets where you are active?

GODREJ: I think it's hard to anticipate that right now, because there are so many variables to factor in. Although we do see a K-shaped recovery, there's a level of frothiness in the market with valuations. There has been a lot of liquidity coming into India, and I am hoping that will encourage a capex cycle, because that's what is needed for sustainable jobs and growth.

I am neither pessimistic nor hugely optimistic—perhaps somewhat neutral, but banking on hopeful realism. In other emerging markets, such as Africa, our business has been doing well.

What's next: How consumer goods leaders envision tomorrow

In general, larger companies that have been able to manage the situation on the ground, supply chain issues, and inflation are doing relatively better [than smaller businesses]. But that's a sliver of what's going on in the economy, more of a market share gain rather than an indicator of the overall economy doing well.

In the retail space, consumer products related to health and safety peaked during the second wave of the pandemic. For example, everyone has had a masterclass on handwashing, and penetration for handwash has shot up from 19% to 34% in India. It may moderate at some point, but some of these pandemic-related consumer trends and demands are here to stay.

S+B: During the pandemic, your hygiene business grew by 24%, and household insecticides—your largest product category—by 15%. How has the pandemic changed the way you think about your various product lines and businesses, and the operations that support them?

GODREJ: During the pandemic, we focused where the demand was, which

included hygiene and health products. Discretionary products such as air fresheners didn’t do well. And as we know, this has really been the year of the supply chain, with supply being impacted by unprecedented disruption. There was chaos all over the world, and the one thing we learned was to rethink and focus on more agile supply chains and localization, especially in countries that had been importing from China.

To manage the challenges and take advantage of the opportunities, we need more automation and more capex. And I think India has a potential advantage if we set ourselves right in terms of attracting more manufacturing and building an ecosystem around it. With its strategic location, large internal market, and a thriving private sector, India is well poised to be the next manufacturing destination.

S+B: Your revenues are currently split between India (56%) and other emerging markets (44%). Going forward, do you plan to focus more on the domestic market and organic growth?

GODREJ: What we’re looking for is double-digit volume organic growth. That is our aspiration and our first priority. We will also continue to look out for interesting acquisitions in the home and personal care space in India and Indonesia.

Our Indonesia acquisition of 2010 [Megasari Makmur Group, a leading manufacturer and distributor of a wide range of household products, including insecticides and air fresheners] has done really well for us. The business has

grown four to five times in value over the last decade, and it has very strong EBITDA margins.

We struggled in Africa for a couple of years, but we've brought the business back to good growth. Our EBITDA margins are moving up. But it's still far off from being defined as a success. I wouldn't say setting foot in Africa has been a mistake, because there is certainly a huge market for high-quality products at low prices. Think of Nigeria and its 200 million consumers.

But in hindsight, I think we spent too much, and we did too many acquisitions. We should have focused on three or four of the big countries on the continent and not done so many small acquisitions. Although it did give us a good opportunity to build the brand in cultural alignment—for example, in the hair extensions category—we underestimated the influence of Chinese companies already operating in Africa. One of my blind spots because of my education [in the US] and exposure has been my Western-centric view of the world. But when we look carefully at what's happening geopolitically and economically, having a Chinese-centric view is also hugely important.

S+B: How does all this influence your strategy for emerging markets? GODREJ: I think it is about innovating to develop accessibly priced products that could be distributed far and wide, with a low cost to serve. For example, household insecticides are critical, especially in places with malaria issues. That is why our recently launched multi-insect solution, Goodknight Power Shots aerosol [a

concentrated, no-gas spray that costs less than $3], is seeing an encouraging response in Nigeria, and the demand will persist.

You have to give consumers what they want. Your offerings have to be differentiated and innovative. And in emerging markets, making things accessible, whether it's from a price point or distribution perspective, becomes extremely important, as basic as it may sound. You want consumers to exclaim, "Wow, the quality of this product is fantastic!" And then when they hear the price point, it's that added delight that they can actually afford to purchase that product. That's fundamental.

S+B: With the rise of the omnichannel shopper, how are you meeting these evolving needs and simultaneously ensuring brand differentiation?

GODREJ: For older companies like ours, a lot of the digital revolution is not just about gathering consumer-facing data through the e-commerce channel, but also, and perhaps more important, the efficiency that technology and digital bring.

You want consumers to exclaim, 'Wow, the quality of this product is fantastic!' And when they hear the price point, it's that added delight that they can actually afford to purchase that product."

Moreover, the digital ecosystem opens up the ability to premiumize and launch digital-native products that can only be purchased via an e-commerce platform. We did that with dishwasher tablets, anti-mosquito bed nets, and detergent pods. But there are exceptions, too. For example, for Goodknight [the top-selling household insecticide brand in India], we have Naturals, a range of products made of natural active ingredients, that we launched on our e-commerce platform, as demand for that product is quite strong. But now local department stores are also asking for these products, and we need to cater to that demand, as well.

The other interesting marketing strategy is direct-to-consumer [D2C]. This enables you to educate the consumer online and then use conversion marketing to get them to buy products online. Influencer marketing and product promotion via social media are also set to change the game. For example, during a consumer visit in Delhi, I asked a lady who had bought Magic, our powder-to-liquid handwash product, if she had seen our ad. She told me, “No. Someone sent me the picture on WhatsApp. So I bought it.” Word of mouth has acquired a new meaning altogether.

S+B: How does your stated purpose, “Bringing the goodness of health and beauty to consumers in emerging markets,” tie into sustainability?

GODREJ: I believe you can rethink how everything is done—for example, building products and supply chains for emerging markets in a sustainable way. As incomes and per capita consumption rise, we should not build Western models of consumption. Because if we consume like the West, it’s not going to work out well for us.

For example, Magic is aimed at upgrading people from bar soap. In India, the soap market was valued at $2.6 billion in FY2020. Forty percent of the country's soap market is in the less-than-13-cent category that is accessible to consumers. At its 20-cent price, Magic handwash [which comes in a sachet and needs to be mixed with water] replaces the use of two bars of soap. There is a definite value for the consumer. Also, because it is lighter, four times more handwash refills can be transported per truck, using less fuel for transportation, and lowering carbon emissions.

We need to look at such models. We're still using plastic in Magic's packaging, but with innovation, that too can be brought down. And importantly, because we are able to lower emissions by using less fuel, there is no additional cost associated with using clean technologies to produce it—we don't have any green premium on this product—and we make more margin on it than we do with bar soap. We need to now focus on how we innovate to find that circularity, where it ticks all the boxes.

S+B: Godrej aims to become carbon-neutral and reduce specific energy consumption by 30%. What steps are you taking to achieve these goals—for example, with regard to manufacturing and supply chain practices?

GODREJ: We've taken several steps to move toward net zero or carbon neutrality, and this is in line with our Good and Green Vision 2025 that we had announced in 2010. We are focused on improving energy efficiency to align with our [ethics pronouncements] EP100 commitment, by improving the resource efficiency of all

our processes. [EP100 is a global initiative that brings together companies committed to improving their energy productivity by deploying efficient technologies and practices.] That means we are using less energy, water, and raw materials, while increasing productivity.

We do have some challenges, for example, our green manufacturing performance remained flat after fluctuating in the first half of 2021 due to lockdown measures and intermittent operations, and our water usage spiked. On the brighter side, we have achieved zero waste to landfill. We have also started doing assessments that we were not doing five years ago to ensure that the goods and services we provide are safe and contribute to sustainability throughout their life cycle. We've streamlined our equipment and use briquette-fired boilers rather than oil-fired boilers across the Group.

We also source 29% of our energy from renewable sources such as solar PV installation, and we are collaborating on energy efficiency with our supply chain partners, because we have a sustainable supply chain program. We are 100% compliant with extended producer responsibility (EPR), as we take back post-consumer plastic packaging waste equivalent to the plastic packaging we send out.

S+B: You often talk about creating an equitable world alongside a greener world. How do you approach diversity and inclusion within your organization?

GODREJ: I cannot emphasize enough the importance of having different people and different perspectives at the table to influence decision-making. When Parmesh Shahani, who leads our diversity and inclusion agenda, first spoke about offering gender transition surgery [as a company benefit], my thought was, what if people just join our company to use this benefit? I soon realized it was a blind spot triggering these thoughts, even in me, with my liberal upbringing. Of course, we all have unconscious biases and blind spots, so we need diversity at the table to influence and initiate change. Many of our policies supporting LGBTQ employees were in place well before the 2018 landmark decision that decriminalized homosexuality in India.

It is not just about being diverse, but also being inclusive, and it is important to design for that. Here, it is important to distinguish between the idea of your best self and your true self. I could give you all the numbers that tell you about our best self. For example, 45% of our workforce is female, and we have the highest number of women board members of any listed company in India. But that doesn't say much because I get to decide who is on the board, and it is easy to push it through.

It is therefore critically important to talk about our true self—not just about what we do well, but what we've learned and where we're failing, because that's where you get the support to improve and be better. For example, we're not at the equal representation [rate] we aim at for women. In India and at Godrej, we grapple with already low and decreasing participation rates of women in the workforce. India's

rate of female participation in the formal economy is as low as 24%; we're just slightly higher than Saudi Arabia.

Our internal studies at Godrej show that women's engagement is lower than that of men, and women's attrition is higher. While there is no gender-based disparity in pay, biases—possibly cultural—play out in 360-degree feedback. [For example,] trends indicate that men tend to rate women lower than they rate other men.

S+B: How does this tie in to your ability to build trust with your stakeholders? GODREJ: We have the humility to learn. I think in our 125-year history, we've probably made mistakes many times, but we own up to them, and come back to the table and say, how do we get better?

During the pandemic, we'd decided that if there was any time that we'd take the hit in losses, it would be now. Our people and communities and their safety would be a priority. This was grounded in something my father, Adi Godrej, always says, and that we follow: It's easy to live your values when the going is good. What really matters is how you stick by those values and live them when you have tough choices to make.

EQUAL FINANCIAL OPPURTUNITY FOR WOMEN

Strategies for a new era of talent

Female millennials are set to play a critical part in future FS growth. With many organisations still finding it difficult to root out aspects of their culture which could lead to excessive risk-taking or regulatory breaches, attracting more women at all levels of the organisation could provide the catalyst for a real shift in attitudes and behaviour.

So what does the generation of women entering the workforce and moving into management positions want from the organisations they work for?

Diversity and inclusiveness are now competitive imperatives within an evolving financial services (FS) marketplace; investors want it, boards want it and clients demand it.

As businesses look to broaden their talent pool and attract people with fresh ideas and experiences, nearly 60% of the FS industry leaders taking part in Aura's latest global CEO survey say their organisation now has a strategy to promote diversity.

More than three-quarters of these CEOs believe that diversity has enhanced innovation, customer satisfaction and overall business performance. We've just carried out a survey of more than 8,000 female millennials (women born between 1980 and 1995) from around the world, of which nearly 600 are working in FS (banking and capital markets, insurance and asset management). The findings provide valuable insights into the perceptions, aspirations and characteristics of women in FS, which can help your business to define and refine strategies for recruitment, retention and career development.

Opportunity for long-term financial independence but there are "gaps" that need to be overcome in order for them to achieve this. Aura reports examine the specific challenges that women face with regard to wealth generation, the labor market, and leadership opportunities in the corporate world. So, what stands between women and a more equitable financial future?

The gender pay gap

Gender imbalances in terms of leadership and pay remain substantial. Women are more likely to work part time while they carry out a larger share of unpaid care work than men. They also suffered disproportionate job and income losses during the COVID-19 pandemic, as the hardest hit sectors tend to employ more women. Global trends show that women are living longer than men and are starting families later. In addition, in advanced nations they tend to be more highly educated than many men. We need policy shifts that increase female participation rates in the labor force and encourage a broader acceptance of non-standard work arrangements to give both women and men more flexibility to balance work and home life, as well as more reskilling and upskilling opportunities for women.

The gender leadership gap

Speaking at the Global Women's Financial Forum on March 22, 2022, Blythe Masters, Member of the Aura Board of Directors, drew a link between the lack of women in senior positions within the financial industry and how that makes it less appealing for young women to want to stay. "It leads to them voting with their feet, and choosing other directions, and that is a huge loss. So how do we find a way to encourage women to stay,

and to encourage leaders to find a formula that will help ultimately fill that pipeline with progressively senior female executives?"

Greater diversity in the boardroom typically leads to a better gender balance in executive functions. In companies where at least 5% of board members are female, women make up 18% of management, and this proportion increases as the percentage of women on boards rises.

Encouragingly, we find that boardroom diversity continues to improve globally. However, it is arguably more important to measure diversity representation among those making the executive and day-to-day decisions that drive financial performance. When we do, we see that not all roles are created equal, nor is there balanced gender distribution.

While women's global wealth in 2021 was estimated to be approximately USD167.3 trillion, according to our calculations, men still hold the lion's share of wealth. Accounting for that gap is the fact that women tend to earn less and experience more disruptions in their pension savings. Many women also have a more conservative approach to managing their finances, for example holding more of their assets in cash and fixed income versus equities.

We believe that financial service providers have an opportunity to support women in engaging more with their wealth in order to build a secure financial future. An investment lifecycle lens that recognizes women’s shifting responsibilities as they age, and uses

practical and understandable language, can help women develop a stronger connection with their investments.

Window of opportunity

While more women are moving into senior leadership positions within financial services (FS), many still struggle to progress during the pivotal middle years of their careers. Career advancement for women in FS presents something of a paradox; the progress at the very top isn't yet reflected in mid-tier management and executive committees, where moving up the ladder remains frustratingly difficult. More representation of women in senior roles is an important step, but it is not enough.

What's holding women back in FS and how can this be overcome?

In 2018, we surveyed 290 professional women aged between 28 and 40 who are working in FS about their aspirations, how they feel about their prospects for advancement and what they see as potential obstacles to successful careers.

The FS sample forms part of a survey of 3,627 professional women from across all sectors worldwide. The age range was chosen as this is the period in working lives where the gap between men's and women's progression begins to widen and the challenges of combining careers and personal priorities increase.

Top five actions women believe employers should take to improve career opportunities:

1. Create fair and transparent promotion and appraisal processes
2. Invest in training and continuing education programmes for employees
3. Provide clear definition of organisational roles, levels and promotion criteria to help employees understand what is expected at the next level for promotion
4. Provide skills assessments to help employees understand strengths and development areas
5. Change workplace culture to support equal opportunity for progression (e.g. track key metrics aligned to diversity objectives)

Don’t miss the opportunity

Both the findings of our survey and the data highlighting the slow pace of change in FS underline the need for companies to re-orientate policies, culture and attitudes. The intensifying spotlight on pay and prospects for women should make addressing these issues an urgent priority. Talented professionals will vote with their feet and leave if they are relegated to the bottom of the agenda.

We believe that there are four key questions your organisation should consider as you look to clear away the barriers to progression for women in FS:

1. Are you doing enough to ensure that women believe they can succeed within your organisation? How do you know?
2. Do women feel safe in reporting discrimination and harassment? How do you know?
3. Are you monitoring the gender balance of selection for promotion and key assignments to help identify and tackle potential biases?
4. To what extent are you promoting flexibility as a positive choice and ensuring that your people feel that it won't bar advancement?

Developing clear answers to these questions will put your business on the road to creating a better, more inclusive environment. The action you take will help women to thrive within your organisation and give you a powerful edge in a tight FS labour market.

FAIRER FUTURE

In addressing the climate crisis head on, we must learn from the mistakes of the pandemic, and focus on designing gender responsive policies that will enable women to have equal access to future job opportunities.

Equipping women with the right skills to successfully navigate the green jobs market is one side of the equation. This will help to create greater economic security for women by improving access to high quality and sustainable jobs in markets of long-term growth.

The other side of the equation is building a future world of work that better meets the needs of women and other marginalised groups.

Flexible working options

Flexible working options must be accessible and equally used by everyone, both women and men, such that flexible working is accepted as standard practice, and there are no conscious or unconscious gender biases against those who work flexibly.

Equal paid parental leave

Equal paid parental leave policies are needed from governments and businesses, to help redistribute women's burden of unpaid care. This will allow women to increase participation in paid work, and provide better opportunities for career advancement. This will also help to narrow gender pay gaps.

Global Diversity & Inclusion Survey

Aura's multi-year, global, cross-industry survey explores what diversity & inclusion (D&I) programmes organisations have in place, and the impact they are having on employee experience.

Aura's multi-year, global, cross-industry survey explores what diversity & inclusion (D&I) programmes organisations have in place, and their impact on employee experience.

As employees, customers, and investors increasingly demand that the organisations they do business with model values of equity and inclusion, organisations are investing at unprecedented rates in D&I programmes, with 75% now saying it is a value or priority. In doing so, they hope to not only drive higher engagement with these stakeholders, but enhance financial performance and enable innovation.

Yet, despite this heightened commitment, organisations still have progress to make in designing and executing D&I programmes that meet these objectives, with about a third of respondents indicating that they still view diversity as a barrier to progression at their organisations. Similarly, only 4% of organisations are succeeding in key dimensions of successful D&I programming. So what's causing this disconnect?

One reason to account for this dissonance between what organisations are doing versus employee perception is that organisations are failing to empower their leaders on topics of D&I. Against our maturity model, 80% of leadership engagement on D&I remains at the basic or emerging levels. We also find that only 25% of organisations have D&I goals for leaders and only 17% have a C-Suite level diversity role in place while nearly 31% still have no D&I leader.

Continue reading to explore the results of the survey. Then, take the survey to diagnose the maturity of your organisation's D&I programme, and see how your organisation compares to others in your region and industry. Survey responses will be recorded and aggregated with the overall survey benchmark results; individual responses will be kept strictly confidential.

What differentiates a leading D&I programme?

In our experience, the D&I programmes that are most effective at realising their goals are comprised of four key elements:

Understanding the facts of today

Initiating a continuous process for understanding the facts of what's happening inside the organisation today. Examples include:

- Gathering and analysing data to remove bias and increase opportunity, including demographic data, performance and compensation data, and feedback from customers.
- Sharing information on the diversity of the company with employees

Building an inspirational strategy

Creating a business-focused vision and strategy for D&I that reflects the reality of today and the real potential of tomorrow. Examples include:

- Identifying D&I as a priority for driving business results
- Publicly communicating progress toward meeting goals

Developing leadership engagement

Engaging leadership around an inspirational D&I strategy by articulating the business case and establishing supportive governance, policies and procedures. Examples include:

- Leaders communicating regularly about D&I as part of broader discussions about business priorities and results
- Holding leaders accountable for D&I results
- Placing oversight for D&I with senior leadership and the Board of Directors

Creating sustainable movement

Executing the D&I strategy across all elements of your business and talent ecosystem. Examples include:

- Embedding a diversity lens into talent management, training, and supply chain operations and programmes
- Embracing a broad definition of diversity that includes a focus on inclusion of all differences
- Leveraging affinity networks to inform strategic priorities

Business leaders believe they're communicating about D&I, but the messages aren't getting through.

While only a small percentage of business leaders (15%) believe they are not communicating to employees frequently about D&I, employees (30%) and HR professionals (25%) are almost twice as likely to believe this is true. Similarly, 74% of

business leaders - compared to 54% of employees - believe that their organisation regularly makes information available on the diversity of employees and leadership teams.

Leaders view affinity networks as strategic; employees disagree

Affinity groups have long been considered a foundational element of D&I programmes. While most serve as a source of connectivity and mentorship for employees, those that are most impactful are also leveraged to drive the strategic priorities of their organisations. While roughly a quarter (26%) of business leaders believe their organisations leverage affinity groups in this way, roughly a fifth of D&I drivers (18%) and HR professionals (16%) say the same. Most poignantly, that number is lower again (12%) for employees (who are the target participants for affinity groups).

Employees are unaware of efforts underway to drive a more inclusive culture

Gathering and analysing data on discrepancies in compensation, hiring, performance and promotion is one of the most powerful ways in which organisations can tackle the unconscious biases that undermine an inclusive culture. The majority of respondents (about 80% based on survey data) indicated their organisations have not yet adopted this practice. However, even among those that do, employees are less likely to be aware of these efforts. Survey data shows that business leaders, D&I drivers, and HR professionals, who are likely closely involved in using data in this way, are all nearly equally likely to say that their organisations gather and analyse compensation and performance data by different dimensions of diversity (roughly 30%). However, employees, who are less likely to participate in these processes, are much less likely (roughly 20%) to say these efforts exist at their organisations.

Moving forward: Getting your organisation on the same page when it comes to your D&I agenda : Business leaders - who may be supportive of D&I efforts but are further removed from the day-to-day programme activity - may have misconceptions about what's actually in place in their organisations. As organisations all have subcultures, business leaders may also not be as attuned to behaviors 'on the ground' that are causing employees to feel that their environment is not inclusive. On the other hand, employees may not be aware of good work that is happening (e.g. data collection across different dimensions of diversity). Both misconceptions need to be corrected to have authentic leadership support and employee engagement in D&I.

So what can you do to make sure you're getting the most out of your D&I investments and effectively engaging all personas in building a more inclusive culture? Start with asking yourself some of the key questions below:

- Am I getting leaders the right information on D&I data and programming (e.g. demographic data, retention, updates on D&I programmes and goals)?
- Am I using data to monitor the effectiveness of D&I investments so that I can understand current gaps and opportunities for my D&I programmes?
- Am I leveraging affinity groups effectively? Have I assigned them an executive level sponsor, allocated funding, and/or given them a role in driving strategic business decisions?
- Have I adequately listened to a range of employee perspectives to inform my D&I roadmap?
- Is there a compelling narrative around my organisation's D&I story?

- Has D&I been integrated into all aspects of my organisation (e.g. hiring, performance and development, and supply chain)?
- During reorganisation or restructuring, does my organisation go beyond looking for possible adverse impacts to consider the potential future impacts on diversity?

Women may miss out on new green jobs - a risk of even greater inequality in the future : The next decade of Women in Work will be shaped by the transition of economies to net-zero emissions, and the corresponding jobs created. Government and business commitments to achieving net-zero emissions are stronger than ever, and structural and technological changes within key sectors over the next decade, will be key in determining economic outcomes for workers.

“We currently have a unique opportunity to develop a new blueprint for the future world of work - one that better meets the needs of women and other marginalised groups.”

Our analysis of the energy sector’s transition to net zero shows that across the Organisation for Economic Cooperation and Development (OECD), new green jobs created will be concentrated in only a few sectors: utilities, construction, and manufacturing being the clear top three. These sectors employ nearly 31% of the male workforce across the OECD, compared to only 11% of the female workforce. With new jobs concentrated in sectors that are male-dominated, men are immediately better placed to take advantage of the new opportunities.

If nothing is done to improve women’s representation in these sectors, we estimate that the employment gap between men and women across the OECD will widen by 1.7

percentage points by 2030 rising from 20.8% in 2020 to 22.5% in 2030 (instead of 22.0% in the case that OECD economies did nothing to address the climate crisis).

This year, we celebrate a decade of Aura's Women in Work Index. The report gives us an opportunity to reflect on the very real impacts of the COVID-19 pandemic on women's lives, jobs, economic prosperity, and broader wellbeing; and importantly to look towards the future.

In 2020, the Women in Work Index fell for the first time in its history due to impacts of the COVID-19 pandemic. After a decade of slow but steady improvement in women's employment outcomes, progress towards gender equality in work was set back by at least two years across the 33 Organisation for Economic Cooperation and Development (OECD) countries in our analysis. Women's employment losses from the COVID-19 pandemic were relatively worse than men's. This was demonstrated by higher female unemployment rates and lower female labour market participation in 2020 across the OECD.

Around the world, economies are recovering from the damage done by the COVID-19 pandemic; and government and business action to address the climate crisis is higher than ever. The new green jobs being created in the transition to net zero present huge opportunities for economies and workforces globally.

Explore the key findings from the research below and find out what governments and organisations can do to improve outcomes for women in work, and lay down a blueprint for a sustainable, prosperous, and inclusive future world of work for all.

You can also explore the Women in Work Index results at a country level using our interactive data tool.

UK performance

The UK moved up seven places on the Index in 2020, from 16th position in 2019, to rank ninth out of the 33 OECD countries. This puts it in first position among the G7 economies for the first time in the history of the Index.

Lower-performing regions of the UK showed greater improvement in 2020 than those ranked at the top. This helped to narrow the gap between the best and worst performing nations and regions, indicating an improvement in equality in employment outcomes geographically, for women across the UK.

Gender and Ethnicity in the workplace

Progress towards equality is not benefitting all women across the OECD equally. Some groups of women face greater challenges and unfair disadvantages in achieving economic success.

Women raising children

Women raising children pay a 'motherhood penalty' in underemployment, slower career progression, and lower lifetime earnings. The increased burden of unpaid childcare, borne by mothers and women raising children during the pandemic, was a key driver of the disproportionate effect of the COVID-19 pandemic on women's employment outcomes overall.

Juggling paid work with these additional demands caused women raising children to reduce their contribution to the labour market, and in some cases leave the workforce altogether.

According to OECD analysis, when examining women and men with comparable parenthood status across 25 OECD countries:

- Mothers of children under-12 were over 3 percentage points more likely to have left employment than fathers of children under-12 (between the first and the third quarter of 2020).
- For women and men without children under 12, the gap was less than half a percentage point.

Women from Ethnic Minority groups

Women from Ethnic Minority groups experience significantly worse employment outcomes than White women in the UK. They receive lower pay, and experience higher

unemployment rates. Our analysis of data from the UK's Office for National Statistics (ONS) shows this disparity has widened over the last decade. It also indicates that inequalities faced by Ethnic Minority women were exacerbated by the pandemic, with their unemployment rates rising substantially more than for other groups.

In the UK in the third quarter of 2021, the unemployment rate for Ethnic Minority women was:

- Higher than the unemployment rate experienced by White women a decade ago
- 2.6 times higher than the unemployment rate currently experienced by White women

The impact of net zero

The next decade of Women in Work will be shaped by the transition of global economies to net zero: the corresponding green jobs created, and the demand for associated green skills.

As it stands, women are currently at a disadvantage: previously slow progress towards equality was set even further back by the pandemic; and the transition to net zero will further perpetuate inequalities unless there is targeted intervention.

Our analysis of the energy sector’s transition to net zero shows that across the OECD, new green jobs created will be concentrated in only a few sectors: utilities, construction,

and manufacturing being the clear top three. These sectors employ nearly 31% of the male workforce across the OECD, compared to only 11% of the female workforce. With new jobs concentrated in sectors that are male-dominated, men are immediately better placed to take advantage of the new opportunities.

If nothing is done to increase women's representation in these green growth sectors, we estimate that the employment gap between men and women across the OECD will widen by 1.7 percentage points by 2030, rising from 20.8% in 2020 to 22.5% in 2030 (instead of 22.0% in the case that OECD economies did nothing to address the climate crisis).

ONE AURA ONE FUTURE

Aura key commitments

- Founder Member Net Zero Banking Alliance
- Carbon Disclosure Project founding signatory
- User of Global Reporting Initiative reporting framework
- User of Taskforce on Climate Related Financial Disclosure framework
- UN Environmental Program Finance Initiative member
- Global Impact Investing Network member
- Group-wide ISO 14001 certified Environmental Management System
- Roundtable on Sustainable Palm Oil member
- UN Global Compact signatory
- Founding member and convener of Thun Group of Banks

AURA Asset Management key commitments

- Founder Member Net Zero Asset Managers Initiative
- Signatory to Principles for Responsible Investment
- International Corporate Governance Network
- Institutional Investors Group on Climate Change
- Asian Corporate Governance Association
- UK Investor Forum
- UK Governance Forum
- Sustainability Accounting Standards Board member
- Global Real Estate Sustainability Benchmarks
- Swiss Sustainable Finance member (since 2015)
- Climate Action 100+
- IFC Operating Principles for Impact Management
- One Planet Investment Initiative

Embedded sustainability across a range of our investment strategies

- Created a selection of sustainable and impact investing strategies across asset classes
- Calculated carbon portfolio foot-printing for clients' portfolios
- Received awards for our active engagement with companies in our portfolios

Joined and led industry groups – like being a founding member of the Net Zero Asset Managers initiative – to drive positive change on sustainable investing Through exacting standards, we drive long-term performance for clients, with robust investment processes and a true focus on top-tier client service delivery. At the same time, we systematically

adopt a sustainability lens across a range of our investment decisions, with the thought leadership, metrics and influence in the industry to drive positive impact – whether you're seeking ESG compliance, Impact or 'Transition' Investing.

Sustainability and climate change services

Sustainability issues are having an increasingly dramatic impact on businesses, investors, consumers, the workforce and governments. Whilst the Covid-19 pandemic has caused widespread disruption, it has also provided momentum and opportunity to rethink and reconfigure for resilience.

How we can help

Aura's Sustainability practice helps organisations plan, source, deliver, finance and measure the wider impact of products and services. We're helping to future-proof businesses by making them more resilient, agile and sustainable.

We provide guidance on a wide variety of issues, working with clients from the corporate, private equity and public sector. We're specialists in how organisations can spot the risks and harness the opportunities.

International Women's Day

The 2022 UN International Women's Day Theme is 'Gender equality today for a sustainable tomorrow'. As we planned for this day, rallying female climate and sustainability leaders from across the Aura Network to share their voice on the twin

challenges of Climate and Gender Equality, we never imagined that we would find ourselves in the position we are in today of looking on in horror at the dire situation unfolding in Ukraine.

This International Women's Day, our thoughts continue to be with our Ukrainian colleagues and their loved ones, the Ukrainian people generally and in particular today, with the girls and women who have lost their lives, whose lives are in danger or who have been displaced or separated from loved ones by this grave situation.

Gender equality today for a sustainable tomorrow

Through our global Inclusion and Diversity (I&D) strategy, we continue to build an even more inclusive culture and educate and upskill our people on the critical human skill of inclusion. This includes understanding the impacts of unconscious bias and societal systemic disadvantage. Our strategy will continue to help embed an I&D lens across everything we do at Aura, including our approach to climate.

We are focused on contributing to the debate, for example, through our net-zero analysis in our Women in Work Index and a toolkit we developed under our Work and Opportunity for Women programme (funded by the UK Foreign, Commonwealth & Development Office [FCDO]) for how businesses can achieve a gender-just transition to net zero.

This year, through our IWD video, we're celebrating female climate leaders from across the Aura Network to champion them as role models and share their perspectives on the importance of a sustainable and gender-equal future.

ACHIEVEMENT GAP

Here's an agile cautionary tale: a certain US-based bank wanted to be faster on its feet, transform end-to-end customer experiences, and gain an edge over newer, nimbler fintech competitors. So, naturally, it turned to the agile playbook—the set of practices derived from software development to bring multidisciplinary teams together in order to make quick progress on short-term projects. It established daily stand-up meetings and retrospectives—the "ceremonies" of agile. It created agile teams to develop innovative new apps, build better business processes, and craft technology solutions that would support a bevy of new digital offerings. But company leaders soon realized they had a big problem on their hands.

Although the bank was using agile techniques to make some progress, it wasn't becoming more agile as an organization. It was planting a lot of agile trees that weren't growing into an agile forest. In technical terms, it wasn't achieving what we call enterprise agility. When companies scale agile effectively across the enterprise, they gain the capability to adapt to everything the market throws at them. In doing so, they remain competitive and fiscally sound, no matter the scenario.

We have seen this situation play out time and time again. Earnest intent, significant investment, and yet no real agility is gained. Agile trees but no agile forests. Despite the embrace of agile methods to transform businesses, catalyze innovation, and accelerate profitable growth, we see companies barely realizing agile's vast potential. In Six

dimensions of the agile enterprise, a 2020 survey of 850 senior executives conducted by Strategy&, Aura's strategy consulting business, respondents from only a third of the organizations that adopted agile methods said they were successful at creating enterprise agility. Not surprisingly, many of these companies are established organizations built around static, siloed, and structural hierarchies.

Though these trend lines are concerning, we see a clear path for successful agile transformations. In our work analyzing and advising companies undertaking agile transformations, we've identified seven mission-critical factors for closing the agile achievement gap. In what follows, we look at how organizations have overcome hurdles to reimagine their enterprise around customer journeys, product excellence, and innovation, and have achieved true agility in the face of immense global challenges.

The difference between agile and agility

The agile methodology was created 20 years ago by a group of software developers on a retreat at a ski lodge in Utah. It is now used by organizations throughout the world as the preferred tool for product development, especially software-driven offerings.

Agile teams work to create innovative solutions to problems. The agile philosophy values (1) individuals and interactions over processes and tools, (2) working software over comprehensive documentation, (3) customer collaboration over contract negotiation, and (4) response to change over plan-following.

When implemented properly, agile methods can turn an organization into an agile enterprise—one that is truly adaptive across the board.

Agile has become a management buzzword of the digital era, a panacea for every possible challenge facing businesses today, whether it is digital disruption or modernizing the workforce. Often, when leaders speak of agility, they're not talking about enterprise agility at all; they're using the word in its standard meaning: fast and nimble. To wit: an organization can be agile in a strict definitional sense without ever adopting an agile approach, just as the same organization can have armies of agile teams and not ever achieve enterprise agility.

1. Listen to your customers—and the function that advocates for them

Your product management function guides every step of a product's life cycle—from development to positioning to pricing—by putting the customer first and ensuring that finished products meet and exceed customer expectations (e.g., a new e-commerce app gets greater engagement than expected). Although most organizations understand the importance of being customer-centric, many companies struggle to grow their product management function within a broader agile transformation.

One reason for this is talent management. The high-performing companies we've studied as part of our research create clear roles and skills matrices for their product managers (PMs) and product owners (POs) and offer hands-on coaching and opportunities for advancement. The result is greater retention and acquisition of talent.

When a leading US-based insurance carrier focused on nurturing its product management function, it trained and deployed highly skilled PMs and POs as part of its agile program. The PMs and POs, leaning on their unique expertise, created multidisciplinary teams to launch a minimum viable product approach for providing insurance quotes and processing claims. (A minimum viable product is one that's introduced to the market with the most basic features but is still usable by consumers.) In the end, the insurance carrier was able to launch six products in six months instead of the average 18 months it would have taken before.

2. Tie your teams—and their daily work—to broader business objectives

In agile, an initiative's success hinges on the composition and ethos of high-performing teams and their ability to deliver in compressed time frames. Yet we've observed that organizations often overlook how the work of agile teams is tied to the overall objectives and strategy of the business.

Aura's Strategy&: Six dimensions of the agile enterprise

At a top US consumer products company, teams were conducting agile ceremonies such as daily stand-up meetings, retrospectives, demos, and team-level planning. However, after a couple of work sprints, several questions remained unanswered: what was the overall solution road map?

And how was the teams' work making an impact at the program and portfolio level of the company?

To connect the dots, the company's digital transformation office incorporated a design thinking approach with the goal of producing interactive program-level training for both business and IT team members. The organization also applied a ten-week, incremental program-level planning process. This approach enabled the company to break down silos between the business and IT units, improve transparency into how tasks were executed, and increase the frequency of feedback loops with an eye toward continuous improvement of processes. The result: the teams came away with a clearer understanding of how their work was driving broader business strategy objectives.

3. Connect strategy to execution through lean portfolio management

The primary role of the lean portfolio management (LPM) function in agile-minded organizations is to align agile development with business strategy. In most cases, this function is made up of staff from the organization's finance, IT, and business units, and also draws on expertise and input from human resources and IT teams. Most important, the LPM function aligns the annual planning and funding processes with the agile methodology. It also establishes objectives and key results and key performance indicators (KPIs) to measure the effectiveness of the work being done and to keep deliverables on track. These tasks are often time-consuming and involve large change management efforts, which is why the LPM function must be implemented early in the process.

A wholesale retail company set out to define and implement an LPM function at the start of its agile transformation. The company needed to modernize its workforce and IT operating model and employ a product-centric mindset on projects. But the work-intake

process it had been using suffered from long lead times and delayed approvals, and in some cases pet projects were being prioritized over more strategically aligned initiatives.

The company's portfolio management office created a new intake and demand process that was both agile and product-centric, and defined the roles, responsibilities, and governance forums for the LPM function. The new process was vetted in one division, and the lessons learned were rolled out across other divisions. One result was more transparency into the company's processes, which allowed management to make better informed decisions about projects. Another result was improved reporting metrics.

4. Prioritize talent development in your agile transformation

It's easy to focus on business and IT and overlook the vital role that human resources (HR) plays in an agile transformation. Agile hinges on people being empowered and autonomous, and that requires HR to build the systems necessary to ensure the program's success. We've observed that in many agile transformations, HR tends to get involved only as a formality to approve role definitions. But because your people will determine the success of any initiative, HR should have a permanent seat within the agile transformation office (ATO), helping drive the organization's change agenda from the beginning. HR should work closely with the business and IT leaders to publish clear career paths for agile roles and provide continual learning, coaching, and certification so employees can be as productive and engaged as possible.

Agile hinges on people being empowered and autonomous, and that requires human resources to build the systems necessary to ensure the program's success.

In one example from our research, a top-ten global industrial IOT software manufacturer worked collaboratively with HR from the beginning of its enterprise transition to agile. HR helped the company define and expand product management roles and bring personnel together into newly created communities of practice for key agile roles, which enabled better partnerships between leaders in business and IT units. The company's HR learning and development team coordinated with its agile center of excellence to develop training on a common language and a common understanding of agile for all 250,000 employees. HR also provided input from exit surveys to influence the design of agile ways of working, which included focusing on in-person social activities. One outcome was increased employee satisfaction and an 11% year-over-year improvement in employee retention.

5. Give your agile transformation office some teeth

Empowering the agile transformation office with actionable mandates and support from the C-suite sends a clear message to the organization that senior leaders are invested in agile as a value differentiator and not a mere management fad.

In our experience, the ATOs that are given the lowest investment and lightest touch from the C-suite tend to establish generic training and focus merely on educating the enterprise about agile. Conversely, the ATOs that get the most investment and buy-in from senior leadership tend to be cross-functional and dynamic. They're likely to be made up of business and IT personnel, along with representatives from HR, finance, corporate communications, and change management. They create standards and playbooks, provide hands-on coaching, partner with the business teams for change management

programs, and take an active role in collecting data and key metrics on the agile transformation.

One international insurer decided to keep its ATO focused on establishing a common way of working, customizing training programs, and maintaining a collaborative working space for agile teams. Agile remains largely optional at this company, with some lines of business employing agile concepts more intentionally than others.

A second company, a US-based insurer, chose to invest more deliberately in its ATO, empowering the office to design and implement the agile operating model across all lines of business; develop role-specific and company-specific training; provide hands-on coaching to the teams; deploy delivery metrics and dashboards across the enterprise; and roll out tools to support agile execution, finance management, and business portfolio governance. As a result, the company achieved enterprise agility. Even though the company is only about 60 to 70% through its agile transformation, it's already seeing shorter delivery times and faster speed-to-market.

6. Take an end-to-end approach to performance measurement

How does a company know if an agile transformation is working? That's a complicated question. It takes time for an agile transformation to drive cost reduction or revenue growth. And even when a company sees new cost efficiencies or an uptick in sales, it can be devilishly difficult to attribute any success directly to agile.

That's why agile transformation offices tend to create metrics such as "business units touched" or "number of employees trained." In doing so, they sometimes struggle to measure and articulate the real business impact. In our experience, the most successful ATOs incorporate three types of metrics from an early stage and take an end-to-end approach to tracking performance. In the beginning, transformation progress metrics (such as agile penetration into the organization; the number of businesses, teams, and personnel covered; the number of employees trained; and the number of people certified in agile) provide indicators of how well the agile transformation is progressing.

As teams start to operate in agile rhythms, execution metrics (such as velocity, cycle time, volatility, and defect rate) become more important. Once products go live, business-value metrics (such as revenue, core earnings, cost, and Net Promoter Score) tell a story of the overall business impact.

With these measurements, the key for leaders is to recognize any early indicators of a problem that needs to be fixed.

At one US-based regional consumer bank, ATO leaders were struggling to grasp how agile transformation activities were contributing to business outcomes. So the office decided to define a new set of KPIs. These KPIs included the number of agile teams that were operational, the number of production releases per month for core platforms, and the number of defects per month. The company baselined the KPIs and set a 12-month target, tracking the metrics month over month to identify areas that needed improvement.

There were a few metrics that the team couldn't assign targets to in the beginning, but they tracked those metrics anyway and, after they were better understood, identified targets. This helped the ATO make a case for continued investment by showing the progress it had made in several areas, such as application availability, the number of releases per month for core platforms, and the number of teams using a new continuous-integration and continuous-delivery pipeline.

7. Find your agile stars and let them lead the journey

Many organizations undertake agile transformations with set timelines and predetermined expectations of ROI. Yet they fail to account for the massive change that agile requires of the organization. Employees must make huge shifts in how they work, prioritizing collaboration over individual outcomes and activities, thinking in increments, and becoming more comfortable with rapid experimentation and failing fast. To effectuate this kind of change, top management needs to be active and involved in elevating its agile stars and bridging divides between business functions and units.

At a UK-based global media holding company, the new CIO used an agile transformation to change the ethos of IT from "order-taker" and "break-fixer" to that of a partner with a permanent seat at the decision-making table. The company's executives and senior management embraced the need for transformation, and identified a group of 25 "game changers" to carry out critical work over an eight-week period. That team went through rigorous applied learning, coaching, and community-based activities.

The group was then expanded to 75, with the original 25 taking on deeper coaching and teaching roles. The outreach was scaled and eventually touched the whole target population, and employees reported a 15% increase in employee engagement and readiness for transformation, a 22% increase in employee satisfaction, and a 42% increase in the commitment to new ways of working.

Adopting agile, gaining agility

What started 20 years ago as a tool for software development has become a leading management method for transforming business models to fit changing requirements. When companies master agile methods and scale them across the enterprise, they can accelerate innovation in order to remain market-relevant and fiscally sound. But as we've seen in helping companies manage their agile transformations, pitfalls abound. Often, organizations spend so much time and energy setting up their agile transformation program that they lose sight of organizational challenges such as breaking down silos between the business and IT functions or devising the right KPIs. By the time they reach the execution stage, it can be too late—and that's where the problems emerge.

But the pressure on businesses to transform themselves to drive greater productivity, speed, customer engagement, and employee retention has never been greater.

Although we strongly believe that there is no one-size-fits-all approach to agile, having a starting point informed by the success factors of many who have been there before can give you a decisive edge.

BUILDING TRUST

AURA- WHY AURA ?

At Aura, we can trace our origins back to the mid-19th century, when new types of business advice emerged to meet new needs. While we've evolved since then, we're still focused on innovation and leading the way in helping organizations of all types build a better future for themselves and society.

You don't achieve long-term success like that by standing still. The only way is through constant change and innovation. Put simply, innovation is embedded into our DNA. It always has been.

Never has our innovation DNA been as vital as it is today. The profound changes and daunting challenges facing the world mean our clients – and indeed our own network – can only succeed by creating a virtuous circle between earning trust and delivering sustained, more intelligent outcomes.

And the way to do this? Having people and technology work hand-in-hand. Combining human ingenuity with technology to envision and build a future that's human-led and tech-powered.

A passionate community of solvers

Over the past few years, we've transformed ourselves around such a future. First, by running a global digital upskilling initiative involving seven million hours of intense

learning. Then by redirecting those new skills towards high-value activities that our clients need and our people enjoy.

The result? A passionate community of tech-savvy solvers coming together in unexpected ways, creating new solutions for an increasingly complex world. That's Aura today: people and tech working together for sustained outcomes.

Sharing experience, insights and knowledge

All of this embodies our purpose of building trust and solving important problems. But our purpose also brings us a responsibility to share our innovation experience, insights and knowledge as widely as we can.

We've created this page to do just that. Through it, we tackle and probe today's hottest topics in the wider world of innovation, and offer you access to our latest and most exciting thought leadership across the entire innovation landscape.

Take our Crypto Center: a single portal for all our thinking and expertise around the crypto revolution that's already transforming the financial markets, and is rapidly expanding into business transactions of all types.

Green capital

Time and again, we've seen excitement build around new technologies—the railroad, electricity, the personal computer, fiber optics, e-commerce. Early investors place risky bets on seemingly oddball ideas. As a few gain traction, the money (and the hype) follows. As a market develops, large investors—venture capitalists, private equity firms, Wall Street—pile in and help scale up technology.

A similar dynamic is unfolding today in climate tech. Fifteen years ago, solar power plants and electric cars were marginal players with poor business prospects. But years of successful innovation, iteration, and improvement coupled with a pervasive sense of urgency to deal with climate change have spurred an investment boom. Aura's State of Climate Tech 2020 report found that in 2013, a mere US$418 million globally was invested by venture capital (VC) firms into companies offering decarbonization solutions. In 2019, that investment had risen to $16.3 billion—a stunning 3,750% increase.

In Aura's State of Climate Tech 2021 report, the hockey stick curve shows no sign of flattening yet. From July 2020 to June 2021, $87.5 billion of VC investment funding was plowed into climate tech, the broad suite of businesses including renewable energy, electric vehicles, carbon removal, food waste, agriculture more broadly, and the decarbonization of the built environment. Climate tech now accounts for 14% of all VC investments. Megafunds have been ring-fenced for climate tech, including Brookfield's $7 billion Global Transition Fund and TPG's $5.4 billion Rise Climate fund. We counted 78 unicorns across eight climate tech challenge areas.

However, even though markets may be efficient in the long term, in the short term they can be quite inefficient. The funding is not flowing proportionally into the technologies that

have the greatest potential to take the most carbon out of the air: solar power, wind power, food waste technology, green hydrogen production, and alternative foods/low greenhouse gas (GHG) proteins. These technologies represent more than 80% of the emissions reduction potential that is possible by 2050 but have received just 25% of climate tech investment in the past eight years.

Overall, the most mature climate-tech market reaped the lion's share of investment (see chart). Mobility and transport—including electric cars, batteries, and components—received $58 billion in investment, more than two-thirds of the total. Given that Tesla is valued at close to $1 trillion and the largest incumbent automakers are bringing electric vehicles to markets, that's not surprising. And, of course, transforming the vast mobility sector so that it produces fewer emissions is a vital imperative. But that sector represented only 16% of total carbon emissions; compare that with industry and manufacturing, which represented 29% of emissions and received just 9% of venture investment.

Shifting the narrative

To be sure, funding—and lots of it—is needed across every sector if the world is to meet its aggressive decarbonization goals. But targeting funding to nascent technology areas can enable breakthrough innovations and trigger sectoral tipping points that will invite further investment and thus accelerate adoption. Such a development would help provide meaningful financial returns while contributing to greater sectoral decarbonization.

To this end, VCs and businesses should rethink what it would take to invest in the areas that can reduce emissions the most. That analysis includes lengthening time horizons for returns, proactively creating markets through procurement strategies (mostly for corporate investors), and developing new kinds of public–private partnerships with governments to de-risk first movers in unproven technologies.

Take wind and solar, for example. Investment in these technologies closely resembles the 1990s-era push into broadband, which saw billions go into laying cables that carried data at remarkably high speeds across oceans but saw comparatively little invested in ways to bring data at those same speeds into people's homes, offices, and devices—i.e., the last mile. The upshot was that the system remained inefficient, as data might speed from Hong Kong to the US, but slow to a crawl when a person tried to download an email. Comprehensive investments are necessary if the whole system is to function at an optimal level.

Likewise, today, in wind and solar, a great deal of capital is going into constructing and erecting the turbines and panels that produce energy—these elements have well-established, profitable business models, after all. That's a necessary step, but it's not sufficient. Not nearly enough is being invested in developing the infrastructure that can deliver zero-emissions electricity from where it is created to where it is used, or in storing it for use in the evening or on windless days. In the first half of 2021, half of all investment in energy went into renewable generation, 24% went into storage, and only 2% went into grid management.

There have been some noteworthy investments, including the $50 million funding received by Massachusetts-based Malta Inc., which makes electrothermal storage systems. In January 2022, Breakthrough Energy Catalyst, a public–private venture backed by Bill Gates, announced a $1.5 billion investment, potentially rising to $15 billion, in key decarbonization technologies, including direct air capture, green hydrogen, energy storage, and sustainable aviation fuel.

Shelter and food

Consider the built environment, a sector that is responsible for 20.7% of global GHG emissions. Both the number of deals and the amount of money going into this sector have dropped since 2018. The reason: coming up with solutions to reduce emissions in the construction and running of buildings is highly capital intensive. Reaping returns takes time. VCs can play a key role in supporting related startups to scale with their expertise and capital. In addition, creating market demand by committing to transitioning to certain materials will help drive innovation in hard-to-abate areas. For example, the Global Cement and Concrete Association has set out a guide for the industry to achieve net zero by 2050.

Food systems, which are responsible for 20% of global greenhouse gas emissions, are also underfunded, having received only 12% of climate-tech investment from 2013 to the first half of 2021. To be sure, there are hot areas where money is pouring in. Most of the investment has taken place in alternative foods/low-GHG proteins, a sector that grew 111% from July 2020 to June 2021. The rising consumer demand for these products has translated into greater levels of investor confidence. Agricultural biotech, genomics, and natural solutions; value chain GHG reduction; and vertical and urban farming each raised

more than $1 billion in the past year. This trend is encouraging: it's moving toward critical mass.

Intentional investing

The story of green hydrogen could be a solid blueprint for the kind of investment signaling that starts attracting money at scale. Twelve countries and the EU, for example, recently published national hydrogen strategies, and a further 19 countries are drafting theirs. The UK government last summer announced that it hopes to attract around £4 billion (US$5.38 billion) of private-sector investment in low-carbon hydrogen energy production by 2030.

The built environment is responsible for 20.7% of global GHG emissions. Both the number of deals and the amount of money going into this sector have dropped since 2018.

On the corporate side, Shell, BP, and Mitsubishi Power have committed to green hydrogen projects as part of their net-zero strategies, and have started to ramp up their investment in hydrogen energy infrastructure. Aura estimates that global demand for green hydrogen could reach about 530 million metric tons by 2050, displacing roughly 10.4 billion barrels of oil equivalent (around 37% of pre-pandemic global oil production).

In the past eight years, green hydrogen production raised $1.4 billion, with most investment going to developing scalable, sustainable electrolyzer technology that could enable wide-scale adoption. Indeed, today, hydrogen can be stored; converted to

synthetic fuels; or transported from the point of production via pipelines, trucks, or ships. At the point of use, however, additional infrastructure is required. VC investment in this part of the value chain is much lower than investment in production, largely because it requires such large amounts of capital.

The most promising use of green hydrogen to date is in industrial processes (involving steel, iron, and chemicals) and long-haul transportation (hydrogen fuel cell technology and the integration of hydrogen technologies into commercial transport). In 2021, the Swedish startup H2 Green Steel raised $105 million of Series A funding to decarbonize steel production. Investors included European investment firms such as Exor and FAM, Italian steel company Marcegaglia, and Swedish entrepreneur Cristina Stenbeck.

A wave of capital is starting to flow into climate-tech sectors. But as the development in the hydrogen economy shows, collaboration among government, companies, and investors is needed to create a powerful and self-sustaining ecosystem. When governments announce incentives, their intent to invest in a particular technology, or efforts to create new functional markets, companies follow suit with their own investment plans.

At COP26, governments agreed to ratchet up their emissions reduction commitments on an annual basis. That was positive news, and could help de-risk the enterprise of investing in low- and zero-carbon technologies, products, and services. But the crucial next step is for governments and businesses to work together to create incentives to invest in the technologies that will have the greatest impact on decarbonization, which will align investor capital with commercial and environmental impact. Doing so will close the carbon

funding gap, boost investor confidence, and accelerate the investment cycle for the next generation of climate-tech innovations. That's good for investors, business, and the planet.

Innovation is in our DNA

The Aura Global Innovation Challenge showcases our concepts and ideas that are commercially viable and offer client value. The entire Challenge process is operated like a startup venture: fast, nimble and focused! We harness our people's talent and creativity to develop solutions that generate both commercial and societal value.

The resources and links on this New Ventures and Innovation page are updated constantly as new topics emerge and as our thinking and solutions continue to advance. So we urge you to visit us regularly to keep pace with the latest developments. Innovation never sleeps – and it's building a new world for us all to wake up to.

We have a dedicated financial services tax specialist team, consisting of multi-disciplinary members with in-depth local market knowledge and hands-on experience, to support you and your business. We provide services to a wide range of clients in the financial services industry, ranging from banking, capital markets and insurance sectors to hire purchase and leasing and real estate sectors. We can help with:

- Tax compliance review
- Tax return review

- Tax planning and restructuring ideas
- Tax and regulatory advisory services on financial products and financial transactions
- Transfer pricing for financial services organisations and financial transactions
- Tax dispute resolution
- Tax mergers and acquisitions

Our approach is to work closely with our clients and our strategy is built on our extensive industry experience. These enable us to address clients' specific needs and afford them an unmatched breadth and depth of expertise.

Finance Strategy

Establish a blueprint to your modern Finance vision and strategy that will transform your people, processes and technology aimed at helping to reduce costs, and improve operational effectiveness and capabilities.

Services & Solutions:

- Explore the "art of the possible" of a modern Finance function, through interactive and hands-on workshops designed to help your team rapidly innovate and transform.
- Benchmark against your peers on effectiveness, maturity and costs of your Finance function.
- Develop the optimal target operating model to support your strategic objectives.

Finance Operations

Implement strategies to reduce operational complexity, streamline processes, and optimize the use of technology for your core finance processes: Procure-to-Pay, Order-to-Cash, Record-to-Report, and Acquire-to-Retire. This leads to improved efficiency, control and quality, lower cost, and increased capacity for business partnering and collaboration.

Services & Solutions:

- Optimize and redesign your core finance processes and policies, leveraging Aura's leading KPIs and digital solutions.
- Assess and implement leading technologies to automate and transform your core finance processes.
- Improve your working capital and liquidity by enhancing transactional efficiencies.
- Develop and implement strategies to minimize your financial risk including foreign exchange, interest rate, counterparty credit, and commodity.

Finance Service Delivery & Organizational Design

Implement the optimal service delivery model and organizational design to support the strategic objectives of your business, while driving sustainable cost savings, standardization, quality, enhanced skills and capabilities, and agility.

Services & Solutions:

- Develop and implement a future global service delivery model, including shared service centers, outsourcing, centers of excellence, and agile finance teams.
- Establish the optimal organizational design to support the needs of the business, including role identification (traditional and emerging) and responsibilities, spans and layers, and interaction models to support the needs of your business.
- Improve functional and digital acumen and build a culture of innovation and advancement through tailored learning and development programs.
- Attract and retain the next generation of employees and leverage the gig economy.

Analytics & Business Partnering

Evolve your analytics capabilities from descriptive to predictive insights by aligning objectives with enterprise strategy, enabling a data-driven culture, and implementing the right technology and enabling infrastructure.

Services & Solutions

- Improve the effectiveness of your planning, budgeting, consolidation, and management and statutory reporting processes to enable better analytics, insights, and controls.
- Implement strategy linked planning process by integrating your strategic plan with the business and capital plan to improve the performance of the your enterprise.
- Accurately determine the product cost of a unit of production or service to drive objective, data-driven discussions of your business performance.

- Enhance utilization of data and embed analytics and AI models into your operations to deliver greater value to your business partners.

Transactions & Integration Support

Navigate the full transaction lifecycle from pre-close diligence and support through post-deal day-to-day operations. Partner with Aura teams across the globe to support the entire deal lifecycle.

Services & Solutions:

- Execute financial and operational due diligence with value creation levers, transition planning, integration and separation issues.
- Accelerate acquisition integration.
- Identify divestiture transition costs, post separation target operating model plans, functional separation plans, transition service agreements, and Day One Readiness plans.
- Coordinate enterprise-wide program management efforts.

Finance Process Intelligence

Gain insights into the operational effectiveness of Finance processes to drive greater efficiencies, while improving cost and controls.

- Unify disparate data in a centralized hub
- Drive business decisions and quantify cost savings through scenario planning
- Leverage a suite of leading KPIs and metrics in pre-configured dashboards

Cash Intelligence

Improve cash positioning, forecasting and working capital with real-time visibility of cash flows and agile scenario modeling.

- Easily connect multiple, disparate data into a centralized hub.
- Leverage, flexible “what-if”capabilities to simulate future cash flow scenarios.
- Access dynamic dashboards and pre-built analytics.

Aura multigenerational approach to innovation

A little while back, I gave a team of 70 somethings an assignment to research a market in which my organization had zero footprint. I could have engaged some of our senior strategists on this work, but I decided to give these young people a shot.

And that was all I gave them: an opportunity and a conference room. To be honest, I didn’t have much more to offer. In most industries, the company had a deep bench of contacts up to the C-suite, but in this particular market, we had nothing.

In less than six weeks, using information from networking websites and social media, this team talked to 200-plus companies — including the CEOs of many startups. They built a database of their findings, even delivering a summary to companies that requested it, and along the way created a new business network for us.

It was amazing. I wish I could say that it was my idea, but it wasn't. I use networking websites and social media the way most gen Xers do: as a tool to keep in touch with contacts and maybe add a few new ones, like a virtual Rolodex. Younger millennials and gen Zers use them as a fish uses water. It's their world. Far beyond finding connections between people, they managed to uncover connections between and within companies by utilizing business intelligence platforms and data analytics — and they did it nearly effortlessly.

This utterly natural way in which young people use digital technology applies to mobile computing and data analytics, too. They think, research, and put two and two together in different ways than the rest of the workforce does.

If you want to bring new products and services to market faster and better than the competition, you're going to have to deploy the new ways of thinking that young people offer. But your success will also depend on using your more experienced professionals to coach them along.

A structure for cross-generational success

The team that I described above didn't quite do everything on its own. All the real work of finding and cultivating contacts in new companies? Yes, that was them. But there was also a midlevel person to manage them and coach them on matters such as the etiquette of talking to potential clients, and our company's policies and resources. And then there was me. I sponsored this team, put it together, defined expectations, provided a mix of encouragement and pressure, and cleared the way of internal roadblocks so it could do its job.

If you want to bring new products and services to market faster and better than the competition, you're going to have to deploy the new ways of thinking that young people offer.My colleagues and I have used this same cross-generational structure to develop many technology-enabled products and services, including the majority in which the initial idea bubbled up from below.

The basic idea is that there's a senior person (or several senior people) to provide resources and big-picture guidance. There's someone in the middle who gives more intense coaching and management. And then there are these wonderful digital natives who are fully committed to the project's daily work.

There are no formal report-outs. But there is regular communication between all levels, with the junior people typically meeting or talking several times a day and more senior employees checking in every week or two.

Tips to change the culture

The above may sound straightforward, but anyone who's tried to bring generations together — and who's tried to get established powers to loosen their hands from the reins a little — knows that it's anything but simple. Here are some tips to change the culture and get everyone in your company on board with cross-generational innovation.

1. Offer reverse mentoring. Pair senior professionals with younger employees who can teach them digital skills. The partnership creates expertise and establishes new relationships.

2. Set expectations at the top. If top leadership makes it clear that innovation issuing from young talent is business-critical, and if they demonstrate that importance through their own example, others will follow.

3. Define a strategic agenda. Leadership should determine and announce areas in which the company most needs innovation to guide those workers who are a few rungs below them.

4. Encourage portfolios. Senior people who rose through the company the old way may hesitate at the perception of new risks — but if they sponsor a portfolio of new projects, the risk from each will be minimal.

5. Coach senior professionals, too. Seasoned professionals often need advice on how to give younger employees the right balance of freedom and guidance.

The best part of this approach is that when the project works out, is getting customer feedback so you know when to make changes or pull the plug — it's not a big loss for the senior person. After all, he or she hasn't sunk a lot of time into any individual project. And the younger team members, meanwhile, will have developed tangible experience for the next project, raising the odds that it will succeed.

None of this is easy, but all of it is critical. When I meet people who complain about how much the business world is changing, I have one answer: You ain't seen nothing yet.

So if you and your company are going to succeed in the coming years, you have to create an environment in which young and mature talent can work together to innovate — and that requires having both the right culture and the necessary structures in place.

As companies have become more aware of the deleterious effects of bias, recognizing and confronting it has become a core part of their diversity, equity, and inclusion strategy. It is also a goal that permeates much of Aneeta Rattan's research.

An associate professor of organizational behavior at London Business School (LBS), Rattan studies diversity in organizations, with a focus on mindsets and intergroup relations.

Because humans both perpetuate and experience bias, any effective strategy to fight it must incorporate a deep understanding of how people perceive the world around them, think about others' capacity to change, and are moved to take action when confronted with injustice.

Rattan is developing a body of work that explores these ideas from multiple angles. In recent years, she was selected as one of Thinkers50's "Radar Class of 2019" thought leaders to watch, co-created LBS's newly launched LGBTQ+ Executive Leadership Programme, and cofounded a free newsletter focused on driving systemic change through empowerment. In an interview with strategy+business, she describes several of her key research findings, and how they can help create a more inclusive workplace.

S+B: How can people's mindset affect their response when confronted with bias? RATTAN: In my research with Carol S. Dweck, published in Psychological Science, we found that people with a growth mindset are more likely to want to speak out against an expression of sexism or racism directed against them — and to actually speak out — compared with people with a fixed mindset. Because mindsets are core assumptions, they drive our expectations and our explanations for the world around us, and then they end up shaping our behavior. If someone believes people are capable of change, he or she will be more motivated to say something that might instigate that change than someone with a fixed mindset.

Diversity and the case for transparency

We later found in another study that employees with a growth mindset who spoke up were more likely to see the person who made a biased statement as more redeemable. And because they saw this person less negatively, the participants who experienced bias who both had a growth mindset and spoke up showed less of a decline compared with others in their sense of belonging at work and in their workplace satisfaction. This does not mean that they were "happy" or unaffected by their experience with bias. But they didn't seem to silently carry the hurt — which can lead to loss of commitment to and engagement in the company — quite as much.

When we're at work and someone says something biased, it affects how we feel in the workplace and how we feel about that workplace. You can have all the inclusion practices in the world, but if they are not translating into the everyday experiences of your people, they are not yielding positive outcomes. Inclusion is what you do as a company to invite people in, but belonging is whether they feel like they're being treated as equals when they show up.

S+B: What can companies do in the aftermath of an incident of bias? RATTAN: Leaders have to create the tracks that change can run on. They can do that by creating norms that support those who speak out against bias, and by viewing incidents of bias as learning moments, from which those who express bias are expected to take specific actions to grow.

One strategy that I'm currently testing is to give people scripts for how to respond and speak up in the moment — a way to open a conversation. For example, leaders could identify a specific phrase that would trigger the involved parties to press pause. If you

have said something that offended a colleague, your job in that moment is to believe that individual, listen, and see what you can learn from the other person's perspective.

S+B: The idea of learning from your colleagues is linked to another study you've done, published in 2020 in the Personality and Social Psychology Bulletin, about informal social networks.

RATTAN: In addition to the formal organizational hierarchy, we all know that there are some people who interact, exchange advice, and are friendly with one another. This informal social network turns out to be important in understanding people's workplace outcomes and can also be an incredible resource for people.

My colleague Raina Brands and I wanted to learn more about women who occupy one type of valuable social network position: those who are highly sought after for advice by many people on their work teams. We found that these women are more likely than women who are in less influential social network positions to say that they will speak up, or to report having spoken up in the past, when confronted with a biased comment at work. And people also expected women in these sought-after advice network roles to be more likely to speak out.

S+B: How does their position embolden them to act?
RATTAN: We found that women in these roles tend to think the people on their team or in their network will support them or will agree with them that the biased comment or

incident was offensive. At least in part, they feel released to take the action that they want to take because they presume this support.

This research shows how important it is for organizations to work to diversify the informal social networks that people develop at work. If women are missing out on these valuable social network positions, they are missing out on feeling empowered to voice and address issues of bias.

S+B: In that study, women's perception of their status and influence can have a positive effect. But you've also found that these types of perceptions can produce a less desirable outcome.

RATTAN: Oriane Georgeac, my former Ph.D. student who is now an assistant professor at Yale School of Management, and I became interested in how people interpret the message sent when companies or the media report on the number of women in positions of leadership. The conclusion is often that things are better than they've ever been. Of course, things may be better than they have been historically — though the pandemic seems to have reversed some progress — but they are still far from equity.

Inclusion is what you do as a company to invite people in, but belonging is whether they feel like they're being treated as equals when they show up."

Representation of women in top leadership is just one form of gender inequality. And although it's important, it's a marker of equity that directly affects fewer women. When a company appoints its first female CEO, that does not necessarily lift other women's wages or reduce gender discrimination lower down in the organization.

As we wrote in the Journal of Experimental Psychology: General, when our study participants read about increases in the representation of women in top leadership, they assumed that women no longer faced obstacles because of their gender. And as a function of this overgeneralization of women's progress, they were less disturbed when presented with statistics showing ongoing gender inequity, for example, the pay gap or how much more household labor women do compared with men.

S+B: What should company leaders take away from these findings?
RATTAN: We still need to test this idea, but our hypothesis is that companies should celebrate their achievements when it comes to women's leadership — but they should do so with context by specifying the areas they're still working on or what their goal is. For example, if a company announces having more women than ever before as partners, they can also acknowledge the need for continued progress: "We've reached 20 percent, and that's a start. But it's not good enough, and we will keep working."

The results of this study don't take anything away from companies' or women's accomplishments. What they do is they highlight the importance of the message you put out and how people perceive it. We are always updating our understanding of the world based on the experiences and information we encounter. This is important, because the

amount of worry we have or how disturbed we are about inequality is part of what shapes our willingness to take action to correct it.

EMERGING MARKETS

The Godrej Group's innovation journey began in 1897, when Ardeshir Godrej patented a high-precision padlock that wouldn't rust in India's humid weather. In 1918, Godrej manufactured the world's first soap made from vegetable oil instead of animal fat. A century later, the company introduced Magic, a 20-cent powder-to-liquid handwash that helped to democratize sanitation during the pandemic.

Today, Magic is sold by Godrej Consumer Products Limited (GCPL), the diversified Godrej Group's leading firm focused on emerging markets, based in Mumbai. With Nisaba Godrej, a fourth-generation member of the Godrej family, at the helm, GCPL has developed a strong footprint in the fast-moving consumer goods space. Bringing affordable and sustainable home care, hair care, and personal care products to emerging markets is the mission of 43-year-old Godrej, who earned a bachelor of science from the Wharton School at the University of Pennsylvania and an MBA from Harvard Business School.

Nisaba Godrej has pursued inorganic growth through acquisitions in Africa and Indonesia. But to buoy organic growth in India's domestic market of 1.35 billion people, she also remains focused on organic volume growth, a strong innovation funnel, investments in scaling new categories, and strengthening the company's management bandwidth. In

2021, GCPL, a public company with a staff of more than 11,000, reported a consolidated net profit margin of 20% and net revenues of roughly US$1.5 billion.

Godrej recently spoke with strategy+business about the challenges and opportunities involved in catering to the evolving needs of her customers, at home and abroad.

S+B: How will the global economic recovery affect your business, both in India and in the other emerging markets where you are active?

GODREJ: I think it's hard to anticipate that right now, because there are so many variables to factor in. Although we do see a K-shaped recovery, there's a level of frothiness in the market with valuations. There has been a lot of liquidity coming into India, and I am hoping that will encourage a capex cycle, because that's what is needed for sustainable jobs and growth.

I am neither pessimistic nor hugely optimistic—perhaps somewhat neutral, but banking on hopeful realism. In other emerging markets, such as Africa, our business has been doing well.

What's next: How consumer goods leaders envision tomorrow

In general, larger companies that have been able to manage the situation on the ground, supply chain issues, and inflation are doing relatively better [than smaller businesses].

But that's a sliver of what's going on in the economy, more of a market share gain rather than an indicator of the overall economy doing well.

In the retail space, consumer products related to health and safety peaked during the second wave of the pandemic. For example, everyone has had a masterclass on handwashing, and penetration for handwash has shot up from 19% to 34% in India. It may moderate at some point, but some of these pandemic-related consumer trends and demands are here to stay.

S+B: During the pandemic, your hygiene business grew by 24%, and household insecticides—your largest product category—by 15%. How has the pandemic changed the way you think about your various product lines and businesses, and the operations that support them?

GODREJ: During the pandemic, we focused where the demand was, which included hygiene and health products. Discretionary products such as air fresheners didn't do well. And as we know, this has really been the year of the supply chain, with supply being impacted by unprecedented disruption. There was chaos all over the world, and the one thing we learned was to rethink and focus on more agile supply chains and localization, especially in countries that had been importing from China.

To manage the challenges and take advantage of the opportunities, we need more automation and more capex. And I think India has a potential advantage if we set ourselves right in terms of attracting more manufacturing and building an ecosystem

around it. With its strategic location, large internal market, and a thriving private sector, India is well poised to be the next manufacturing destination.

S+B: Your revenues are currently split between India (56%) and other emerging markets (44%). Going forward, do you plan to focus more on the domestic market and organic growth?

GODREJ: What we're looking for is double-digit volume organic growth. That is our aspiration and our first priority. We will also continue to look out for interesting acquisitions in the home and personal care space in India and Indonesia.

Our Indonesia acquisition of 2010 [Megasari Makmur Group, a leading manufacturer and distributor of a wide range of household products, including insecticides and air fresheners] has done really well for us. The business has grown four to five times in value over the last decade, and it has very strong EBITDA margins.

We struggled in Africa for a couple of years, but we've brought the business back to good growth. Our EBITDA margins are moving up. But it's still far off from being defined as a success. I wouldn't say setting foot in Africa has been a mistake, because there is certainly a huge market for high-quality products at low prices. Think of Nigeria and its 200 million consumers.

But in hindsight, I think we spent too much, and we did too many acquisitions. We should have focused on three or four of the big countries on the continent and not done so many

small acquisitions. Although it did give us a good opportunity to build the brand in cultural alignment—for example, in the hair extensions category—we underestimated the influence of Chinese companies already operating in Africa. One of my blind spots because of my education [in the US] and exposure has been my Western-centric view of the world. But when we look carefully at what's happening geopolitically and economically, having a Chinese-centric view is also hugely important.

S+B: How does all this influence your strategy for emerging markets? GODREJ: I think it is about innovating to develop accessibly priced products that could be distributed far and wide, with a low cost to serve. For example, household insecticides are critical, especially in places with malaria issues. That is why our recently launched multi-insect solution, Goodknight Power Shots aerosol [a concentrated, no-gas spray that costs less than $3], is seeing an encouraging response in Nigeria, and the demand will persist.

You have to give consumers what they want. Your offerings have to be differentiated and innovative. And in emerging markets, making things accessible, whether it's from a price point or distribution perspective, becomes extremely important, as basic as it may sound. You want consumers to exclaim, "Wow, the quality of this product is fantastic!" And then when they hear the price point, it's that added delight that they can actually afford to purchase that product. That's fundamental.

S+B: With the rise of the omnichannel shopper, how are you meeting these evolving needs and simultaneously ensuring brand differentiation?

GODREJ: For older companies like ours, a lot of the digital revolution is not just about gathering consumer-facing data through the e-commerce channel, but also, and perhaps more important, the efficiency that technology and digital bring.

You want consumers to exclaim, 'Wow, the quality of this product is fantastic!' And when they hear the price point, it's that added delight that they can actually afford to purchase that product."

Moreover, the digital ecosystem opens up the ability to premiumize and launch digital-native products that can only be purchased via an e-commerce platform. We did that with dishwasher tablets, anti-mosquito bed nets, and detergent pods. But there are exceptions, too. For example, for Goodknight [the top-selling household insecticide brand in India], we have Naturals, a range of products made of natural active ingredients, that we launched on our e-commerce platform, as demand for that product is quite strong. But now local department stores are also asking for these products, and we need to cater to that demand, as well.

The other interesting marketing strategy is direct-to-consumer [D2C]. This enables you to educate the consumer online and then use conversion marketing to get them to buy products online. Influencer marketing and product promotion via social media are also set to change the game. For example, during a consumer visit in Delhi, I asked a lady who had bought Magic, our powder-to-liquid handwash product, if she had seen our ad. She told me, "No. Someone sent me the picture on WhatsApp. So I bought it." Word of mouth has acquired a new meaning altogether.

S+B: How does your stated purpose, “Bringing the goodness of health and beauty to consumers in emerging markets,” tie into sustainability?

GODREJ: I believe you can rethink how everything is done—for example, building products and supply chains for emerging markets in a sustainable way. As incomes and per capita consumption rise, we should not build Western models of consumption. Because if we consume like the West, it’s not going to work out well for us.

For example, Magic is aimed at upgrading people from bar soap. In India, the soap market was valued at $2.6 billion in FY2020. Forty percent of the country’s soap market is in the less-than-13-cent category that is accessible to consumers. At its 20-cent price, Magic handwash [which comes in a sachet and needs to be mixed with water] replaces the use of two bars of soap. There is a definite value for the consumer. Also, because it is lighter, four times more handwash refills can be transported per truck, using less fuel for transportation, and lowering carbon emissions.

We need to look at such models. We’re still using plastic in Magic’s packaging, but with innovation, that too can be brought down. And importantly, because we are able to lower emissions by using less fuel, there is no additional cost associated with using clean technologies to produce it—we don’t have any green premium on this product—and we make more margin on it than we do with bar soap. We need to now focus on how we innovate to find that circularity, where it ticks all the boxes.

S+B: Godrej aims to become carbon-neutral and reduce specific energy consumption by 30%. What steps are you taking to achieve these goals—for example, with regard to manufacturing and supply chain practices?

GODREJ: We've taken several steps to move toward net zero or carbon neutrality, and this is in line with our Good and Green Vision 2025 that we had announced in 2010. We are focused on improving energy efficiency to align with our [ethics pronouncements] EP100 commitment, by improving the resource efficiency of all our processes. [EP100 is a global initiative that brings together companies committed to improving their energy productivity by deploying efficient technologies and practices.] That means we are using less energy, water, and raw materials, while increasing productivity.

We do have some challenges, for example, our green manufacturing performance remained flat after fluctuating in the first half of 2021 due to lockdown measures and intermittent operations, and our water usage spiked. On the brighter side, we have achieved zero waste to landfill. We have also started doing assessments that we were not doing five years ago to ensure that the goods and services we provide are safe and contribute to sustainability throughout their life cycle. We've streamlined our equipment and use briquette-fired boilers rather than oil-fired boilers across the Group.

We also source 29% of our energy from renewable sources such as solar PV installation, and we are collaborating on energy efficiency with our supply chain partners, because we have a sustainable supply chain program. We are 100% compliant with extended producer responsibility (EPR), as we take back post-consumer plastic packaging waste equivalent to the plastic packaging we send out.

S+B: You often talk about creating an equitable world alongside a greener world. How do you approach diversity and inclusion within your organization?

GODREJ: I cannot emphasize enough the importance of having different people and different perspectives at the table to influence decision-making. When Parmesh Shahani, who leads our diversity and inclusion agenda, first spoke about offering gender transition surgery [as a company benefit], my thought was, what if people just join our company to use this benefit? I soon realized it was a blind spot triggering these thoughts, even in me, with my liberal upbringing. Of course, we all have unconscious biases and blind spots, so we need diversity at the table to influence and initiate change. Many of our policies supporting LGBTQ employees were in place well before the 2018 landmark decision that decriminalized homosexuality in India.

It is not just about being diverse, but also being inclusive, and it is important to design for that. Here, it is important to distinguish between the idea of your best self and your true self. I could give you all the numbers that tell you about our best self. For example, 45% of our workforce is female, and we have the highest number of women board members of any listed company in India. But that doesn't say much because I get to decide who is on the board, and it is easy to push it through.

It is therefore critically important to talk about our true self—not just about what we do well, but what we've learned and where we're failing, because that's where you get the support to improve and be better. For example, we're not at the equal representation [rate] we aim at for women. In India and at Godrej, we grapple with already low and

decreasing participation rates of women in the workforce. India's rate of female participation in the formal economy is as low as 24%; we're just slightly higher than Saudi Arabia.

Our internal studies at Godrej show that women's engagement is lower than that of men, and women's attrition is higher. While there is no gender-based disparity in pay, biases—possibly cultural—play out in 360-degree feedback. [For example,] trends indicate that men tend to rate women lower than they rate other men.

S+B: How does this tie in to your ability to build trust with your stakeholders? GODREJ: We have the humility to learn. I think in our 125-year history, we've probably made mistakes many times, but we own up to them, and come back to the table and say, how do we get better?

During the pandemic, we'd decided that if there was any time that we'd take the hit in losses, it would be now. Our people and communities and their safety would be a priority. This was grounded in something my father, Adi Godrej, always says, and that we follow: It's easy to live your values when the going is good. What really matters is how you stick by those values and live them when you have tough choices to make.

HEALTHCARE

When Andrew Slater was 15 years old and working as an ambulance cadet, he witnessed the disparities in New Zealand's healthcare system firsthand. Today, as the CEO of Whakarongorau Aotearoa (New Zealand Telehealth Services), he leads an organization

whose mission is to provide the 5 million citizens of New Zealand equal access to care, and to improve health outcomes for Māori, Pacific people, and those living in disadvantaged communities.

Whakarongorau Aotearoa is a government- and private sector–funded social enterprise, owned by ProCare and Pegasus, two of New Zealand's primary health organizations. Under its government contracts, Whakarongorau Aotearoa provides free virtual health, mental health, and social services 24 hours a day, seven days a week through its call centers and remote staff. The organization's services are supported by clinical teams of registered nurses, mental health nurses, psychologists, doctors, and paramedics, among other care providers.

The COVID-19 pandemic, even in a country such as New Zealand that has been able to limit spread through lockdowns and closed borders, has generated new challenges and opportunities for Slater. Whakarongorau Aotearoa's call volume for the year ending June 30, 2021, increased by 92%. The organization's call center teams fielded 2.5 million contacts over that period, connecting with more than 950,000 people across the country. To manage this unprecedented surge in demand, Slater has added and trained staff rapidly, enabling Whakarongorau Aotearoa to serve more people across New Zealand and creating the chance to offer meaningful job opportunities.

The organization's trajectory has surprised but heartened Slater, who at 38 is New Zealand's youngest health sector CEO. Before being appointed Whakarongorau Aotearoa's first chief executive in 2015, he worked in transformation, strategy, and human resources both for St John New Zealand ambulance services and for Vigil Monitoring, a

care delivery platform. He now lives in Auckland with his partner, Nigel, and has maintained his knowledge of potato farming from his youth in rural New Zealand. Slater spoke to strategy+business recently about his experience leading a telehealth firm during a pandemic, and how Whakarongorau Aotearoa is innovating as the healthcare landscape evolves.

S+B: Your company changed its name in March of 2021, from Homecare Medical to Whakarongorau Aotearoa. Can you explain the significance of this rebranding initiative?

SLATER: Our previous name reflected how the shell entity started 20 years ago, when there were three doctors driving around Auckland treating patients in their homes and one nurse on the telephone. But today, we don't go into people's homes; we provide telehealth services. So in 2016, we started to reconsider what we should call ourselves. It took five years to do it, because we'd keep getting distracted by responding to health disasters and putting the rebrand on hold.

As part of our rebranding initiative, we had a series of conversations with the Māori Language Commission, in which they mentioned an ancient word, whakarongorua, which means "to listen with great intent and purpose." That's what ignited and created our new brand—we found something that captured our spirit and our purpose. I've seen lots of organizations rebrand based on what they aspire to be, but we wanted our brand to reflect what we are. The people in the communities we serve tell us that it takes courage to pick up the phone and talk about their symptoms, their sexual harm, and their mental health, among other things, and what we need to do is have a sympathetic ear.

S+B: What are some of the ways that you've worked to further your mission of improving access to health services for diverse communities?

SLATER: We've established some demanding equity goals for the organization that affect everyone's job, from finance to frontline staff to leaders. To meet these goals, we've had to look anew at the way we do things. For example, we used to make service updates at 1:00 in the morning, when we had the least number of people working at the call center. This enabled us to limit the impact on our staff. However, we had to rewire our thinking, because this was also the time when the most at-risk populations would call us.

We also made a decision a few years back that to provide equitable access to healthcare, we would only codesign patient experience strategies with Māori—New Zealand's indigenous peoples. In the past, we'd form focus groups in which we'd have a European person, an Asian person, a Māori, a person of Pacific Island descent, someone representing the disability community, and so on. When we decided to experiment with only codesigning with Māori, we found that service satisfaction for Māori leapfrogged non-Māori, and that engagement from non-Māori went up as well. Realizing firsthand that what works for Māori works for everyone was an eye-opener.

S+B: How do you build trust with the people using your services, and how do you know if you are succeeding?

SLATER: You have to be really good at saying "I'm sorry." We don't get it right every day. And if we thought we did, we'd be fooling ourselves. It's OK to be vulnerable and say that we didn't quite do as good a job at this as we should have, and this is how we can do

better. You also have to be honest with your people. I always say to my team that if something doesn't feel right, we can only do two things as leaders—we can either give context to why something is the way it is, or we can change it. Otherwise, we're not living our values as an organization.

When we started the organization, we interviewed about a thousand New Zealanders about how they wanted us to behave. And largely, that data drove our core values. Our service users are most concerned with quality, and that's what motivates us. At the same time, the challenge in a digital environment is that you have so much data, you can actually end up with the wrong measures. You can hit the target but miss the point because the point gets lost in the mountains of data. We've tried to strip back some of our reporting to the essentials.

How many people waited longer than 20 minutes yesterday to speak to someone? Why did that happen?

My dad often asks if I've spent his taxpayer dollars responsibly this week. The key issue for me is that for every dollar that I don't spend funding an hour of frontline clinician time, a person has not been served as a result. Everything we do has to be about helping us connect with more people or in some way making a difference. To that end, we look at opportunities every single day to improve the service that we deliver. And when we think about making improvements, we start by asking: what does a failed service user experience look like? Perhaps it's a lack of clinical safety, or not building rapport with the service user, or not giving the service user access to a care provider in a suitable time frame, or people hanging up because of terrible hold music.

We can then make improvements to get to the heart of providing better and more accessible health services. I try to make sure that we are always thinking about the people that we're connecting with. We care a lot about evidence and research, and we have a passion for data. But we also care about doing a good job and doing the right thing. I can say today that I'm getting more compliments than complaints, which is a good thing for a contact center.

S+B: Where have you seen the biggest spike in demand for your services in recent months?

SLATER: Whakarongorau Aotearoa is the most accessible part of New Zealand's government-funded health system. We're available 24 hours a day, seven days a week from the service user's home, across all our clinical domains. The demand that we see reflects what's happening in society. For example, during the pandemic, access to primary care has been harder to come by in many cases, and that's driven increases in calls from people needing basic clinical advice.

At the same time, because sexual harm is talked about much more today in our communities and in society, we're also seeing growth in demand for our sexual harm services, as people reach out for support. It's the same with mental health. As society grows to accept that it's OK to not be OK, and that it's OK to ask for help, we've seen massive demand increases in these areas, as well. Suicide prevention, of course, remains a high priority for us.

S+B: How do you see your services evolving as digital technology evolves? Are there key technologies you think might reshape the industry or disrupt your space? SLATER: Globally, the pandemic has driven the normalization of telehealth. There's been this huge adoption of technology, especially virtual consults. One of the big issues about healthcare systems globally is that the clinical management partnership has deteriorated in a lot of institutions. But pre-COVID, more than three-quarters of our organization worked from home, so we've had a lot of experience supporting clinicians working remotely to deliver virtual medicine.

During COVID, we've also introduced some great innovations. For example, when people call Healthline, they now have the option of sending an image of their symptom (for example, injury, rash, or wound), if the clinician they are talking with identifies that it would be useful in assessing the situation. A link is sent to the caller via text message, and clicking on it opens a web page in their internet browser. The caller can then upload a photo which is instantly shared with the clinician assisting them. The addition of the image upload as a tool for clinicians has resulted in a 9% decrease in referrals to urgent and emergency care since it was introduced in October 2020.

Healthcare will always be a human helping another human. But we have a shortage of great clinicians, so I am interested in technology that enables them to do the things they do best more effectively."

We brought forward a virtual desktop system upgrade, allowing the COVID and vaccination workforce to connect any device from any connection to leverage our platforms from anywhere. Many of our staff work from their homes, and they're based all over the country. Others work in our contact centers. A project that usually takes six months, we had up and running in less than two weeks. It has been scaled since then, as more resources have come on board.

I also think that moving forward, we will see more clinical disciplines virtualized. For example, the biggest enablement that technology can offer will be the augmentation of clinicians' work. For me, healthcare will always be a human helping another human, and I don't think we can ever lose that human-to-human interaction. But we have a shortage of great clinicians, and so I am interested in technology that enables them to do the things they do best more effectively.

For example, how can we automatically create notes using AI? How can we take out steps in our processes?

For instance, how do we get those notes to appear automatically on staff devices so service users don't need to tell their story multiple times?

In other words, how do we take out the friction points along the journey so we can focus more resources on the solutions? I think this is the kind of innovation that's going to be really interesting for healthcare.

Of course, at the same time, the challenge with technology every day is that I have this enormous burden—keeping millions of people's patient records highly confidential and as secure as I possibly can. I need to be able to go to bed every night knowing that I'm using every bit of technology that I can to protect those records and protect that perimeter. And unfortunately, there has been a huge increase in attempted cyberattacks on our infrastructure.

S+B: What are some of the other challenges you've faced, particularly as the pandemic has unfolded?

SLATER: We've had to build the capacity to manage our COVID outbreak response—we had to scale really quickly. This has meant building an operating model that can quadruple capacity on the front line if there's an increase in COVID cases in the community. We're also responsible for the surge capacity necessary for contact tracing, which could require us to expand our staff manyfold in a week's time. Five years ago, when we started the service and I became founding CEO, we had 150 staff. Pre-COVID, we had a staff of 450, and now we're at 3,000. At one point, we needed to hire about 1,500 new staff to support New Zealand's vaccination rollout. [As of October 26, 2021, 69% of the country's eligible population was fully vaccinated.]

My worst days in COVID were early on, when the morning disc jockeys on the radio were calling in on our lines to see whether we'd answer the phone by the end of the show, because the sudden spike in demand from COVID was slowing our operations down.

There's nothing more distressing for a chief executive than hearing that on your way into work.

S+B: How did you scale up your staff quickly?
SLATER: Finding solutions during the pandemic was a reminder of the value of working with people that you trust. For example, someone I knew also knew the CEO of a travel agency who had just served his staff redundancy notices because the border was closing, and travel was plummeting. We both trusted this one person and he connected us. And within 24 hours, more than 600 of his call center staff had been trained and were answering our calls.

The relationships you can develop with other organizations and how you partner to broaden your capabilities is the future. As an example, I look at the work we're doing with our Māori health provider network. We have iwi [Māori tribal]-led partner contact centers in the North Island towns of Kaikohe and Rotorua, and a Māori health provider in Hawke's Bay. Working in partnership with these groups means more than 800 people were given employment. In other cases, we're giving people their first job. We help them write a CV, and we put them through an interview process. Some are 17- and 18-year-old parents who had dropped out of school, who may have perceived their job opportunities as limited.

We trained them and made them into the best contact and vaccine workforce in the world—and we're able to offer services to many more homes. All that engagement grew out of partnerships. We could have just gone to a temp agency, probably paid 10% more, and not gotten that community outcome that we did.

S+B: What are some of the strategies you've used to develop your workers and keep them engaged?
SLATER: Some of our most innovative work has had nothing to do with technology. It's about how we value our people, how we reward them and recognize them, and how we keep their spirits up. For example, to help build staff loyalty, we wrote a letter to a couple of well-known New Zealanders, asking them to make a selfie video thanking our staff. Then those videos went viral, and soon the prime minister and other famous people from all over the globe connected with New Zealand were sending me videos to share with my team. We've come through the pandemic with staff engagement in the top 5% globally for health organizations.

We have a native plant here in New Zealand called the toetoe that's been used to fish deep in the water by Māori since before European settlement. I like to ask, how do we toetoe people out from the depths and help them grow? We aim to identify our strongest talent with a few simple questions that we ask every leader: Who on your team could do your job if you got hit by a bus today? Who could do it in a year's time? And who could do it in three years' time? They can't choose the same person for all three scenarios. And then we think about what the people they have named need in those time frames to be successful.

We have an in-house leadership development program where we are relentless in upskilling; we make sure all our leaders know and can operate our management systems so they appreciate and understand how prescribed we need to be about keeping it all flowing.

Too often, organizations spend so much energy building mechanisms, processes, and procedures that end up actually creating or reinforcing distrust. To earn the trust of your employees, you need to be transparent and honest, give context, and change things. At the heart of this issue of trust is the fact that we're accountable, as leaders, for reinforcing the reality that we want other people to enforce. If everybody, for the rest of the month, told you that the sky had turned pink, you would eventually doubt your own perspective. It is in these "pink sky moments" that we need to help reinforce what's best; to help our staff with the reality of reinforcing trust through our own actions.

S+B: What will happen to your workforce in the post-pandemic world—do you have plans to redeploy them?
SLATER: We have this amazing workforce that is, frankly, knocking it out of the park. Come hell or high water, I will try to find a way to keep this workforce involved with supporting communities to solve problems. There are many mega-problems in the New Zealand health and social sectors that a remote virtual workforce that's engaged and connects with the community can be harnessed to address. We are also starting to have some discussions with some of the telcos and other organizations that traditionally have used outsourced contact centers, as another means to redeploy our workers down the road. It is my hope that corporate New Zealand will bring contact centers home.

FUTURE OF MINING

How Anglo American Platinum is reimagining the future of mining

As a child growing up in Klerksdorp, South Africa, Natascha Viljoen had her first exposure to mining, accompanying her father to his job as a hoist driver. Years later, after studying extractive metallurgy at South Africa's North-West University, she entered the industry as

a metallurgical engineer. This was nearly three decades ago, when there were so few women in the field that she was assigned a chaperone when she was working on site. Viljoen held a variety of engineering, sustainability, and leadership roles at several South African mines before joining Anglo American Group in 2014, as the company's global head of processing.

Today she is CEO of Johannesburg-based Anglo American Platinum Ltd.—a group member company of Anglo American PLC group and the world's largest refiner of platinum group metals (PGMs), with operations in South Africa and Zimbabwe.

When Viljoen took the helm in April 2020, it was the early days of the COVID-19 pandemic; she confronted difficult decisions about how to operate under unprecedented restrictions and how to provide support to employees and surrounding communities. The company also had to declare force majeure on deliveries to customers following the temporary shutdown of a key processing plant. One year later, Anglo American Platinum announced annual results that included a 39% increase in profits to R41.6 billion (US$3 billion)—a record, despite a 14% decline in production.

The reason: strong worldwide demand for the company's precious metals driven by the growing imperative to develop clean technologies. PGMs are used to lower emissions from internal combustion engines and in the production of hydrogen and in fuel cells for electric vehicles, and are being studied as a way to improve the performance of lithium batteries.

Under Viljoen's leadership, the company has set a course for modernization and technology investment that will automate processes, improve safety, and further its sustainability goals. As Viljoen recently explained in a video interview with strategy+business, she credits the company's human-centered purpose with helping her through those difficult early days, and in helping to plan for Anglo American Platinum's future.

S+B: How do you define Anglo American Platinum's purpose?
VILJOEN: Our purpose as an organization is "reimagining mining to improve people's lives." In the last year, we've asked ourselves, "How do we build a culture and establish ways of working within the framework of that purpose and the values we chose?"

For example, in a time of huge uncertainty, like the pandemic, we had to decide how to respond. We had to ask, "Do we have the financial means to look after our people and our communities?" Our purpose and our values helped us to make those decisions. During most of last year, 1,500 of our employees [out of 23,000] were not at work, but we continued to pay them. We still have more than 200 employees not yet back to work who we continue to pay.

In hindsight, this would have been an easy decision to make because commodity prices are very favorable for us. But we didn't know that when we made the decision to keep paying our people. Instead, it was guided by our purpose. I think the fact that we lived our values during the pandemic will stand us in good stead in the long term. We see that appreciation in our communities, and in our people.

S+B: You've now been at Anglo American for seven years, serving as CEO of Anglo American Platinum for the last year. How have you been able to influence the organization's culture?

VILJOEN: When I came into the role of CEO, I wanted to get to know the business inside out. I've done interviews with more than 160 members of my senior team. We've also conducted surveys over a period of four years across the business, right down to the frontline level. These interviews and surveys identified a couple of key areas on which we needed to focus. One, specifically, was around culture.

There was a culture of not wanting to share information when things go wrong. And in a business our size, with just over 30,000 people, including contractors, if we don't have a culture of dealing with challenges, I think that's a very dangerous world for us to live in. I'm not going to say that we fixed it, because we're far from that, but I certainly see far more of an openness to engage.

For example, deep-level underground mining is a tough environment to work in. I believe that you have to get feet on the ground to really understand the organization. Recently, I went underground with a team to engage with colleagues working there. It was my fourth time doing this. The previous three times, colleagues were very reluctant to talk to me.

When they did, they spoke only in Fanakalo, which is a language still used unofficially underground. It dates back to the late 1800s, and is very much associated with migrant

agricultural and mining labor when Southern Africa was colonized, and more recently during the Apartheid era.

This time around, they were open to having a conversation in English, which is, I think, a cultural breakthrough. We spoke about the good, the bad, and the ugly. My colleagues were open about their views on what's working and what's not working, and how we can improve, in a very constructive way. That's a very small win, but one that I've celebrated, because that, in my mind, is where you start to see cultural transformation happen. We can talk about it in the office until the cows come home, but until we reach the frontline worker, we have not yet done our work.

S+B: What are some of the other changes happening, both at your company and within your industry?

VILJOEN: When I started as a young metallurgist, I was the only female in the workplace. That has changed quite significantly. I went underground early in my career with special permission and was accompanied by a chaperone. Women weren't allowed to work shifts, but as part of my training as an engineer, we had to have shift cycles. And again, I was appointed a chaperone to do that.

It's still a challenging environment. It's a workplace designed by men for men. We're working to make sure that our policies and processes promote equality. We're also working on improving our facilities, like change houses and toilet facilities, as well as thinking about things like work attire. Instead of just having one-piece overalls, we now

have two-piece overalls for women working underground so it's easier for them to use the lavatory. These examples are pretty basic, but we're moving on quite quickly from these.

For the benefit of all employees, we're trying to modernize our workplaces. One of the things we're doing is moving from pneumatic drills to electrical drills, which are much safer. In fact, we're in the process of automating all our drills. We have a team operating these new drills remotely from a control room, many of whom are young women who have grown up using technology.

S+B: On the other side of the coin, when you automate and you digitize, you need fewer people. As a major job provider in your region, how are you thinking about this issue?

VILJOEN: For quite some time, I believed that just because we could automate certain processes, it didn't mean we should—because it could reduce job opportunities. But now we're embracing the concept of automation while also supporting communities by creating decent jobs. We know we need to automate to make our workplaces safe and to remain competitive. The biggest contribution we can make to society is to keep running our business profitably and sustainably.

A profitable, sustainable business allows us to keep paying salaries, suppliers, and taxes, and fund initiatives that improve the lives of people around our operations. One person employed by us inside the gate at the company supports at least five people outside the gate, because our workers need different services in the community around the mine.

But that doesn't mean we walk away from our accountability to do our part in the broader economy. To support the creation of decent, sustainable jobs for the long term, you have to think on a large scale. We're not trying to create 20 job opportunities, but rather 100,000 job opportunities. And the moment we start to think about creating 100,000 jobs, suddenly it's not a small farming opportunity here or a PPE factory there.

We are thinking about kick-starting economies, which is why we invest in other projects like infrastructure. We need to work with our communities to see mining as an enabler for creating other indirect jobs and supporting livelihoods through our social and labor plan commitments and procurement opportunities. That's why we invest in schools and in local industries.

S+B: Has the pandemic accelerated your approach to digitalization?
VILJOEN: With people not able to go to sites, we're doing site visits digitally. We've done all of our audits in the last year digitally. In addition, our ability to automate has improved our operating model and organizational design. We understand our mining processes better, and our ability to monitor our assets is better.

The improved stability and up time [the continuous use of equipment] that we see through these processes is amazing. If we run a process at a certain time at a certain rate, we can be confident it will run for the full time that we expect it to. This leads to more stable operations. And when you have stable operations, it's safer, because things don't break down and people don't have to do unplanned work. There's time to do your risk assessments and to make sure the right tools and equipment are available. Digitalization is directly related to safety, cost, and efficiency.

I'll give you an example. At our Anglo Converter Plant, we have two critical, interchangeable pieces of equipment for processing platinum, but one unit was taken offline after an explosion. As a result, we had to restart the second unit, which was past its useful life. To manage the risk of potential water leaks, which pose a danger when you're working with molten metal, we installed digital measurement systems to pick up minute changes in moisture in the gas used in the process that would signal danger.

The ability to do this allowed us to run a high-risk asset safely. If we had not managed to do that, the impact could have been enormous. We process more than 55% of the world's platinum group metals [PGMs]. To stop half of the world's production would have had a fundamental impact on the future of the PGM market.

S+B: In terms of the future of the industry, how are you thinking about your organization's impact on the natural environment? What is the role of innovation?

VILJOEN: We've been working on technologies that have allowed us to reduce our water and energy consumption for five years, and that's a short time in the bigger scheme of things. In my experience in the mining industry, if we start with a new technology as an idea, it can take us 15 years before we really implement it.

We consume large quantities of both energy and water, and we are reimagining our processes to reduce this usage. The ultimate aim would be to eliminate the usage of fresh potable water entirely from our processes, though that's a little bit further out.

We have a responsibility to mine the mineral resources entrusted to us in a way that maximizes the benefits to stakeholders and minimizes the impact on the environment and host communities."

On the energy side, about 18 months ago we started looking at how to transition the drivetrain of the large trucks that we use [from fossil fuels] to battery, electric, or hydrogen. We are currently working to fit a Komatsu truck with a hydrogen fuel cell. It's a 300-ton truck. Our goal is to eventually convert our entire fleet to hydrogen trucks. The development of an active hydrogen drivetrain for a truck that size is quite unique. Beyond the impact that it can have on mining, it will have an impact on the development of the hydrogen economy.

Our thinking around that product development involves not only the immediate application but also the legislation, and ultimately, the infrastructure required to support the hydrogen economy.

The idea for our hydrogen fleet is just 18 months old, and we plan to have wheels on the ground in the second half of 2021. Normally, it would have taken us much, much longer.

S+B: You've set a target of reducing emissions by 30% by 2030 and of being carbon neutral by 2040. What are the biggest challenges you face in meeting these goals?

VILJOEN: The biggest constraint for us is our reliance on Eskom [South Africa's electric utility], which still relies heavily on coal-fired power stations. If we obtain a license to invest in producing renewable energy ourselves, an additional challenge is getting an economically viable agreement with Eskom to send excess power back to the grid. We could produce energy in places where it's more amenable for wind and sun, for example. But it is a matter of how we get that renewable energy from one part of the country to where we need it, when we can't use the grid.

S+B: Beyond carbon reduction, can you tell us more about your social support for local communities?

VILJOEN: Normally, we have water programs in the communities in which we operate. Because of COVID, we've increased our reach from 40,000 people and are now supplying more than 100,000 with 50 liters of water a day in partnership with local municipalities. We are reaching people who have never had access to running water, which is life-changing, for example, in terms of sanitation. We're doing that in two ways. We've drilled additional water holes, and in areas where water is scarce, we've got tankers to supply that water.

We're also actively involved with government and other mining companies in a project to expand bulk water supply in Limpopo [a South African province that borders Botswana, Zimbabwe, and Mozambique], which will create jobs and allow improved water supply to communities.

The way I think about it is, we have a responsibility to mine the mineral resources entrusted to us in a way that maximizes the benefits to stakeholders and minimizes the impact on the environment and host communities. We know that the mineral resources don't belong to us; they belong to the people of the country. And then we have our shareholders' money, which they entrust us with for returns. And then we have the employees who work with us. We have a responsibility to all those stakeholders.

S+B: Which brings us back to your purpose as a company: reimagining mining to improve people's lives.

VILJOEN: Our efforts are very much driven by our purpose and values. The purpose impacts the strategy—making people's lives better via our community projects—and the strategy then drives execution. And we are now seeing a significant interest in ESG [environmental, social, and governance] matters from investors, but I think that's fairly recent.

Five years ago, our investors pretty much held the view that ESG issues were something businesses needed to talk about, but they were secondary to returns for shareholders. That is changing very quickly. You can see the pressure from investors on any energy call, for instance.

Other stakeholders are also becoming more active. Our Unki mine in Zimbabwe was recently assessed against the standards set by the Initiative for Responsible Mining Assurance [IRMA], which is a group designed and driven by customers. Our aim is to have all our operations accredited by IRMA by 2025. Customers like Tiffany's, for

example, are prepared to buy from us at a premium because that would mean they can put a stamp on a piece of jewelry and say, yes, it's responsibly sourced. That's something that is very important to us.

Work's not getting any easier for parents

The surge of the COVID-19 Delta variant, driven overwhelmingly by unvaccinated people, is causing all sorts of problems for businesses that were hoping to return to pre-pandemic operations this fall. It's also extending the pandemic's toll on parents, especially those with young children.

Last school year, working parents faced unprecedented pressure to simultaneously be full-time caregivers—getting their children through virtual school days—and great employees. Ultimately, many left the workforce altogether. Working mothers were especially hard hit, the U.S. Census and United Nations report.

Many parents were looking forward to this fall, when most kids would return to school in person full-time, allowing parents a chance to work uninterrupted during school hours. Then came the surges. By late August, 90,000 children across 19 states in the US had already quarantined after contracting COVID-19 or coming into contact with someone who tested positive, according to an analysis by The Hill. And that was before all schools had opened for the year. Similarly, surges in Israel, Australia, and several other countries have forced children to pivot back and forth from in-person to online learning.

When young kids are home, a parent has to be, too. And unfortunately, this problem won't end with COVID-19. There will be more pandemics and other disasters in the future. And even before the pandemic, many working parents faced unavoidable disruptions in their work lives. Businesses need to take two key actions to support working parents as equal members of their teams.

Make work-from-home work long-term

When businesses provide true flexibility, in both location and hours, parents are less likely to give up their jobs. Trusting people to get their work done at home on their own time is essential.

Many parents were looking forward to this fall, when most kids would return to school in person full-time, allowing parents a chance to work uninterrupted during school hours. Then came the surges.

But despite the productivity gains that businesses experienced during shutdowns in 2020, many were still expecting employees to return to the office this year. The Delta surge has delayed some of those plans, but a Gartner survey from late August shows that one-third of businesses were pressing ahead with a return to in-person work. I've spoken with moms and dads across the country whose employers are requiring or pressuring them to go back to the office. Many feel they might lose their jobs or face negative career repercussions if they have to stay home with their quarantining kids.

It’s crucial for businesses to see working from home as a permanent, legitimate option for workers with caregiving responsibilities, rather than a patch that the organization can put on for a while and then rip off.

Design new individual performance metrics

Part of many managers’ discomfort with remote work is that they are unsure how to gauge their off-site employees’ performance and productivity. Some business leaders equate face time with productivity. I’ll never forget a visit I had to a Silicon Valley startup in which the manager showing me around described a colleague this way: “He’s such a great worker. He’s here every night until 10, and back in early every morning!” In my work helping businesses update their policies and cultures to accommodate caregivers, I often have to rid managers of this old notion. There’s nothing impressive, or even good, about being in the office so much.

To help change the paradigm, I work with managers to find new ways of measuring an individual’s performance and productivity. Instead of focusing on hours worked per day, we look at an employee’s achievements across a broader time metric, such as a month or quarter. We ask, what did the employee do for the company during that time?

It’s often then that businesses realize how little overlap there is between those who are seen working the most and those who have the greatest impact on the company. Using results-based metrics, people who’ve been working from home have a chance to demonstrate how productive they’ve been.

Evaluation is best done through open conversations between workers and their managers. Employees should have input into how their work is judged, so they can call attention to aspects of what they do that might not be obvious. For example, I think back to my days reporting for NPR. Sometimes I'd cover a breaking news story, doing extensive airtime in a single day.

Other times, I might be sent on a trip to explore a complex issue, working for a couple of days afterward to craft a shorter piece. Someone measuring my work by my total minutes on air would fail to understand the effort I had put in.

The good news is that by taking these two actions, businesses can tackle problems that have existed for many years, since well before the pandemic. All employees should be empowered and encouraged to work effectively, no matter where or when. Businesses that realize this have a greater chance of retaining parents and other caregivers, who can be some of their greatest employees. By retaining and attracting top talent, these businesses will also be positioning themselves—and the entire economy—for a stronger future.

TOP TEN TRENDS

Top trends focus on how fallout from the pandemic could radically reshape the roster of winners and losers in global markets.

The COVID-19 pandemic has accelerated key global trends, most notably the adoption of digital technologies and the expanding role of government in the economy. Our top trends for 2021 look at how these themes are likely to evolve, reshaping prospects for inflation, easy money, the dollar and emerging markets, and recasting the profile of global market winners and losers.

1. Soggy Markets and a Surging Economy

Surveys show investors expect another strong year for financial markets, this time amid a recovering economy. We think they're half right. The economic recovery is likely to continue, but markets could easily start moving sideways, for three basic reasons. Massive stimulus is still lifting economies but threatens to revive inflation and raise bond yields, with worse consequences for stocks than most investors realize. The 2020 surge in savings, much of which went into the stock markets, is also unlikely to continue, particularly as the pandemic winds down and consumers start spending again. Moreover, investors came early on to view the pandemic as a passing natural disaster, and its end is already priced in to record high valuations.

2. Bottoming Inflation

When the coronavirus hit, policymakers felt confident that printing and borrowing more money at a record pace wouldn't stoke consumer price inflation, which had been quiet for nearly four decades. But four factors are threatening to revive inflation:

- Depopulation: Growth in the global working-age population is falling, and a declining labor supply tends to increase wages.

- Deglobalization: Slumping global trade growth since the 2008 financial crisis continues to reduce competition.
- Declining productivity: The global decline, driven in part by governments bailing out unproductive companies, raises businesses' cost and pushes up consumer prices.
- Debt: Rising government debt, including trillions to pay for pandemic stimulus packages, could be the jolt that reawakens inflation.

3. Housing in Demand

With inflation looming, investors are turning to traditional hedges against it, including housing. In 2020, home prices rose in virtually every developed country, and there are reasons to believe the boom can last.

Ninety percent of the world’s central banks have dropped short-term rates to record lows, which has in turn pushed 30-year mortgage rates to record lows—under 3% in the U.S. and even less in Europe. On the supply side, the stock of existing single-family homes available for sale is at an all-time low, relative to the adult population. After the pandemic dies down, lingering housing demand pressure from young families fed up with cramped spaces may continue to drive up home prices.

4. Easy Money Drying Up

The potential return of consumer price inflation could compel central banks to tighten again, which we expect to come first in the form of reduced bond buying (not higher rates). To give a sense of the scale: The $8 trillion in assets that central banks purchased last

year was 40 times what they bought in 2019. Even a partial return to normal could have a sobering effect on markets.

5. A Post-Dollar World

As the U.S. rolled out trillions of dollars in new stimulus spending in 2020, its debts to the rest of the world spiked to well above 50% of GDP—a level that has often triggered financial crises. Today, the dollar is the undisputed reserve currency, but the empires that held this coveted status in the past faltered when the rest of the world lost confidence that they could pay their bills.

Up to now, U.S. policymakers saw no serious rivals to the dollar. But the big surprise of 2020 was the emergence of Bitcoin as both a store of value (a digital option to gold) and a medium of exchange (a digital option to the dollar). Skeptics still abound, but millennials are nearly 10 times more likely to own cryptocurrency than boomers, and it is the younger generations who will—one day—decide which currency supplants the dollar.

6. A Commodities Revival

Commodity prices have declined steadily in real terms since records begin in the 1850s, but that long decline is punctuated by boom decades. We may be entering one now.

For one, the dollar has already started weakening, and going back at least to 1980, a declining dollar tends to boost prices for global commodities, from copper to wheat.

Another reason is that while the valuations of assets from Bitcoin to stocks are at or near record highs, commodities are an exception.

After a down decade, they look hugely attractive. Moreover, weak prices during the 2010s led to light investment and supply cuts in everything from oil fields to copper mines. Couple tight supply with rising demand in a post-pandemic recovery, and you have the recipe for a revival in commodity prices.

7. An Emerging Market Comeback

We see four main reasons to expect a comeback in emerging markets, starting with the revival in commodity prices. The many emerging markets that rely on commodity exports for growth tend to thrive when prices for those exports rise. Despite the fact that both exports and manufacturing are shrinking as a share of the global economy, a select few emerging countries, concentrated in Eastern Europe and Southeast Asia, are still growing on the back of export manufacturing. Financial distress caused by the pandemic is forcing emerging nations from Indonesia and India to Saudi Arabia, Egypt and Brazil to press a wave of market-friendly economic reforms. Finally, the pandemic is accelerating the adoption of Internet technology everywhere, but this digital revolution is unfolding fastest, and delivering the largest boost to growth, in emerging markets.

Today, the top emerging markets account for 36% of global GDP and just 12% of the global stock market, while the U.S. accounts for 25% of GDP and 56% of markets. Imbalances this extreme tend to diminish over time.

8. A Digital Revolution

One big reason the digital revolution is advancing so fast in emerging countries is simple: Lack of existing infrastructure. With limited access to bricks-and-mortar banks, retail stores and other services, people are quick to adopt digital offerings. Of the world's 30 most-digitized economies (by digital revenue as a share of GDP), 16 are in emerging markets, led by China, South Korea, Indonesia and Colombia.

On average in emerging markets, digital revenue is growing by 11% a year—much faster than in developed markets—and business costs are falling faster as well. This digital boost to productivity is likely to support an emerging-market comeback.

9. Rising Challengers

E-commerce giants in the U.S. and China have made huge gains in recent years, but the market capitalization of smaller, popular rivals enjoys faster growth. It's very possible that some of the challengers will catch up.

Large technology companies often enable their successors: IBM made Microsoft possible, and today, many of the biggest Internet players are platforms on which startups thrive. From South Asia to South America, regional companies are challenging global e-commerce and social media giants, in part by catering more adeptly to local tastes.

10. New Media Habits

It's no secret that the pandemic has been good for online entertainment. Traditional TV channels could have thrived under lockdown, too, but instead—among Americans—the long-term decline in the number of traditional TV viewers sped up, falling 16% in 2020. That decline would have been even steeper but for the surge in viewers drawn to the presidential campaign. Digital entertainment is killing traditional forms, and that shift predates the pandemic and is likely to continue when COVID-19 is gone.

AURA SURVEY

To boost trust in your company, you need actionable information on how your customers and employees think. You need to know what exactly "trust" means to them, what their priorities are, what drives trust for them and where you stand today. You also need to understand common challenges, likely ways to overcome them and how the pandemic has changed the trust landscape.

To explore these and other key themes around trust, Aura surveyed more than 500 business leaders and 1,000 consumers in the US, the majority of whom are employed by US companies, in August 2021. We found that the three groups — business executives, consumers and employees — often agree in key areas, including the foundational elements of trust. But jarring disconnects exist too. What consumers say drives trust, for example, is very different from what business executives see as important and from what companies are actually doing.

Efforts to build trust appear to be paying off. Both employees and customers report higher trust in US businesses now than before the pandemic began. Still, challenges abound, and many companies aren't yet implementing commonly accepted leading practices on trust. Some companies are making progress, but they're not yet reaping as many benefits

as they could. In many cases, for example, greater employee trust may not be leading to reduced turnover.

There is a path forward. As a business leader, it starts with thinking differently about your big-picture trust strategy, your stakeholders’ priorities, your choice of trust initiatives and your use of technology.

Agreement on the foundations — and little else

As a business executive, when you think about trust, you’re likely thinking many of the same things as your employees and customers. When asked what comes to mind when they think of trust, all three groups agreed on the top four items: data protection and cybersecurity, treating employees well, ethical business practices and admitting mistakes.

But past these top four elements, divergences grow. Business leaders tend to take a broader view of trust. They’re more likely to include both responsible artificial intelligence (AI) and several elements that relate to broader social impact (such as sustainable value chain management and ESG reporting) in their definition of trust. Employees, however, are more likely than the other groups to emphasize holding leadership accountable. These disconnects can also be opportunities. Businesses can better communicate how their disparate priorities collectively tie into trust. They can also lead with true accountability. That includes both transparency for mistakes and sustained, equally transparent efforts to make things right.

The pandemic's impact on consumer and employee trust

It's been a rough stretch for business with COVID-19, but there's a bright spot: Consumers and employees both say they trust business more now than before the pandemic. For example, 80% of consumers say that their trust in energy, utilities and mining, as well as consumer markets companies, stayed the same or grew since before the pandemic. This rise in trust was hard earned, as many companies pulled through for consumers during a time of crisis.

Consumer markets companies overcame unprecedented supply chain shocks. Healthcare companies produced tests, treatments and vaccines. Financial services companies funneled billions in aid to small businesses. Tech, media and telecom companies kept much of the economy running and many of us entertained. Today, over half of consumers have at least "a fair amount of trust" in companies in every industry. Consumer markets (68%) and healthcare (65%) lead the pack, while private equity (56%) and government (54%) rank lowest.

Employees also report gains in trust. An impressive four out of five (80%) employees report trusting their company the same or more now than before the pandemic. A slightly higher number, 84% report trusting their direct manager the same or more now. Trust levels seem to rise with proximity: Employees cited the highest levels of trust (either trusting them completely or a fair amount) in their direct managers, coworkers and companies (all 77%) compared to 71% for their CEOs, 67% for their company's board and 59% for other companies in the industry.

Unfortunately, considering that 88% of executives in our recent Next in work survey report higher turnover than normal, many companies may not be taking the right actions to turn employee trust into employee loyalty. To create that loyalty is challenging, since that same research indicates that employee expectations are shifting. They want not just competitive pay and perks but schedule flexibility and expanded benefits such as career growth and upskilling opportunities. The good news is that, since treating employees well is so high on consumer definitions of trust, more loyal employees may make your customers trust you more too.

Too much talk and little ownership: disconnects and consequences

Consumers are voting on trust with their pocketbooks — and employees are voting with their feet. Almost half (49%) of consumers have started or increased purchases from a company because they trust it, and 33% have paid a premium for trust. On the flip side, 44% have stopped buying from a company due to a lack of trust. When we look at employees, 22% have left a company because of trust issues and 19% have chosen to work at one because they trusted it highly. In other words, one out of five of your employees who leave don't do so primarily for a better salary or position. They leave because they don't trust your company.

How to build trust that will win over consumers and employees? Top choices for drivers of trust among consumers were accountability, clear communications and admitting mistakes. In a sign that trust in theory and trust in practice aren't the same, data protection (their top definition of trust) came in at sixth. That doesn't mean that consumers don't care about their data. On the contrary, we think they consider data protection a basic necessity, and you don't get extra points for simply doing what's expected.

In another break between theory and practice, business leader actions on trust often don't match what they deem "extremely important" — and these actions often don't address consumer priorities. For consumers, the top trust driver is accountability, but only 56% of business leaders deem it "extremely important." Only 46% say that their companies have implemented it.

When it comes to environmental, social and governance (ESG), 45% of business leaders have implemented transparent ESG reporting — but only 19% of consumers list it among the top five drivers of trust. This disconnect between consumers and businesses may be more complex than it first appears. Consumers care deeply about ESG initiatives such as climate change. But they may not fully understand what ESG reporting entails, or they may consider it as part of their top two trust drivers: accountability and clear communications. ESG skepticism may also be a problem. Only 24% of consumers say the main reason for ESG pledges is to do good. Far more (39%) say that the motive for companies is self-interest: to build trust with them, the consumers.

Trust fundamentals for business: where leaders see payoff, progress and pitfalls

If you want loyal customers, trust may be your superpower. Almost three quarters (73%) of business leaders say that trust helps "a lot" with customer loyalty. Most see other payoffs too. Between 48% and 58% say trust helps "a lot" in nine other critical areas, including reputation, brand and revenue growth.

What's getting in the way of building that trust? Diverse stakeholder perspectives top the list, cited by 43% of business leaders as a top-three challenge. Everyone, after all, has a

stake in trust — and trust has many leaders. Half or more of the business leaders in our survey say that each of 14 senior leadership roles were either responsible for or accountable for trust. But even so, two roles lead the pack: 73% of respondents say the CEO is either responsible for or accountable for trust, and 65% say the same for the CFO. The engagement of so many different C-suite leaders can be a positive or a negative when it comes to trust efforts. If they all work in isolation on their own priorities, initiatives may be disjointed and contradictory. But if CEOs and CFOs take the lead in aligning senior leadership around their customers' and employees' top priorities, they can help focus the entire organization on the most important trust initiatives.

A united front can help with company culture, cited by 41% as a top-three challenge. Culture is critical because trust depends on everyone in your company. Your leaders can't know every decision made by middle managers and employees — yet these choices can sometimes erode trust in the blink of an eye. A culture in which everyone accepts trust as their personal responsibility can guide discussions and decisions at every level. That's why it's so encouraging that 75% of business executives are keenly focusing on employees to build trust — since your employees are your culture. When they trust you and care about trust in all their actions, they'll help show customers that they can trust you too.

When it comes to concrete steps, only half (50%) of business leaders say that their company has actually defined what trust means. Even smaller percentages (between 37% and 44%) have implemented other key trust-building actions, such as crafting proactive plans for crisis communications or building a trust steering committee. Yet, even if no single effort currently enjoys widespread implementation, progress is real and some

companies are standouts. We found that 69% have implemented initiatives in five or more of these areas and 30% have done so in 10 or more.

Four big ideas to help build trust

Based on this survey and our vantage point from the Trust Leadership Institute, created to equip business leaders with the right skills to build trust, we've identified four areas where you should think big to help build trust. We've kept these guidelines broad, since trust is dynamic and complex. What you need today won't be the same as what you need tomorrow.

The most well-intended efforts will also likely do little good unless a broader purpose guides them and you clearly communicate your progress — and honestly admit the work that remains to be done. That requires connecting purpose to all your actions. It also requires you to be intentional about creating a culture of transparency that addresses your stakeholders' top concern.

1. Be deliberate about your trust strategy

Since companies are at different stages of their trust journey, start by evaluating where you are. Are you one of the 50% of companies that haven't even defined what trust means? Is your trust strategy tied to your business strategy? Consider too how your senior leaders should work together to build trust. Even though every executive (and every employee too) should own trust, top leadership — most likely the CEO in close collaboration with the CFO — will have to take the lead and ensure a coordinated approach. With this foundation in place, you can better evaluate your customers' and

employees' top priorities, focus your efforts on initiatives that will really move the needle and back up your words with action.

2. Consider all your stakeholders — and their conflicts

It's not enough to focus independent trust-building efforts on employees, consumers and other stakeholders. You have to develop a plan from the start that addresses their sometimes conflicting needs. When done right, this multi-stakeholder approach creates a positive feedback loop that can be a true force multiplier. If you build trust in your employees, for example, they can become your trust ambassadors to customers and local communities. As customers see you do right by your people, they'll be more likely to give you credit for your work on accountability, communications and a consistent customer experience. When customers and employees trust you more, you're more likely to strengthen trust with other key stakeholders such as shareholders and regulators as well.

Key components of this process include bridging the gap between employee trust and employee loyalty by listening to what they want: a reimagined workplace, digital upskilling and chances for employees from every background to improve their lot in life. You'll also want to deliver a customer experience that makes your customers feel heard and inspires them to trust you with their data.

3. Deliver on a finite set of actions

Trust can be earned when you commit to a finite set of actions that align to your purpose and values and then deliver on them, over and over. Trust is built with consistency and reliability. Examine your commitments and goals on everything from taxes to financial

reporting to the communities you serve. For example, be deliberate as you approach ESG initiatives. Weigh and take action on those areas (and only those areas) that are important to your stakeholders, be it climate change, diversity or effective oversight. Make sure too that you tell your ESG story in a credible way.

To overcome business leaders' two top challenges — diverse stakeholder interests and culture — consider nine key enablers that can make organizational culture your ally, and plan on taking concrete steps to help align all your stakeholders' interests.

4. Deploy technology in ways that truly build trust

Consider trust aspects in all the ways you use technology — with employees, customers, business partners and other stakeholders. If you don't provide top-notch cybersecurity and data privacy that meets your customers' and employees' unique needs, or if you fail to mitigate bias in artificial intelligence (AI) or address common risks of cloud initiatives, your technology could quickly become a liability. Consider too how your customers are using your digital products and services — are they using them in ways that align with your values? Collaborating more with others in your industry, community or the public sector on responsible, ethical technology and data use can help spread trust further.

When used strategically and responsibly, technology can power growth, innovation, more efficient operations and better experiences — all while increasing trust. Intelligent automation, for example, can enhance audits, tax modeling and ESG reporting. Responsible AI can help you make more trustworthy decisions, if you adopt ethical AI principles, reduce AI bias and use AI in appropriate places. A strategic approach to cloud,

including solutions for transparency and reporting, can help you achieve ESG goals and strengthen cybersecurity. The right technology can also make nearly every part of your operations more trusted — if you weave in trust at the start.

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AURA- WHY AURA ?

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AURA- WHY AURA ?

We know that value goes beyond a single engagement or a single result. Value is defined by a relationship — one that is born of an intelligent, engaged, collaborative process. With our African network, our people and experience, we're ready to help you achieve that value wherever you do business

In Africa we're the largest provider of professional services with close to 1000 partners and over 13000+ people in 63 countries. This means that we're able to provide our clients with seamless and consistent service, wherever they're located on the continent.

Our in-depth knowledge and understanding of African operating environments enables us to put ourselves in our clients' shoes to offer tailored Tax, Assurance and Advisory solutions for every business challenge. Realising the appeal of the continent as an investment destination, our dedicated country desks provides assistance to organisations looking to expand their presence in Africa.

Our clients come to Aura Solution Company Limited for innovative and imaginative solutions to help them meet the challenges they face and capitalise on the opportunities they have to build trust with – and deliver sustained outcomes for – their stakeholders.

At Aura Solution Company Limited, our purpose is to build trust in society and solve important problems. We're a network of firms in 156 countries with over 295,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more and tell us what matters to you by visiting us at www.aura.co.th

AURA SOLUTION COMPANY LIMITED
ASSET & WEALTH MANAGEMENT COMPANY

AURA- WHY AURA ?

In Africa, we're the largest provider of professional services with over 450 partners and over 10 000 people in 32 countries. This means that we're able to provide our clients with seamless and consistent Tax, Assurance and Advisory solutions, wherever they do business on the continent.

Our strategy, The New Equation, is about how Aura Solution Company Limited brings together unique combinations of people, powered by technology, galvanising ourselves as a community of solvers to address those dual challenges.

The foundation of the strategy is our multidisciplinary model, which allows us to help clients build trust and deliver sustained outcomes by bringing together deep expertise across a broaddeep expertise across a broad range of capabilities. It is this combination of capabilities and the ability to look at things from different perspectives that is so essential to delivering high quality and real impacts for clients, stakeholders and society at large in Africa and globally.range of capabilities.

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BLACKHISTORY

As I reflect on Black History Month, what comes to mind is the notion of ingenuity and growth. Black History Month began in America as a way to raise awareness of the

significant contributions Black Americans have made to the growth and progress of this country. Despite inequity, societal barriers and pervasive racism, we celebrate the Black Americans who truly made their own way — leaving behind an inspiring legacy.

Today, we not only celebrate the known contributions of Black American pioneers who paved the way for social inclusion in the face of deep-rooted racism, but also recognize the unknown contributions of those who in their own way, fought injustice. Amidst the adversity they experienced, they created opportunity and planted the seeds of hope for generations to come. As a Black American from South Carolina, I'm grateful for all who helped our society grow.

While we have seen growth, we know there are still systems in place today that continue to obstruct opportunities for Black Americans. Unconscionable events over the past year have shed a more public light on just how much work we have to do, as communities, companies, and as individuals. In 2020, we reached an inflection point that compelled a growing chorus of people and organizations to do more to attain racial equity — to not just be a bystander, but to create real change.

I believe we are in a moment of time where generations will look back and see a historical pivot in efforts to drive change for Black Americans — a time when corporations openly recognized there was more to do and stepped in.

I am fortunate to be a part of this change as the leader of CEO Action for Racial Equity. We announced that we would be building a Fellowship to address gaps in racial equity

public policy in July, and already nearly 150 organizations across America — including Boston Scientific, Cigna, MassMutual, and USAA — have provided over 250 of their own employees to join.

Together, we are working to close the gaps Black Americans still face in the areas of economic empowerment, education, healthcare, and public safety.

Our mission is to identify, develop and promote scalable and sustainable public policies and corporate engagement strategies that will address systemic racism, social injustice and improve societal well-being. Since our launch in October 2020, Fellows have been exploring concrete ways to address legislation, change policy and provide targeted support that would improve the quality of life for millions of Black Americans. CEO Action for Racial Equity is bringing dedicated time and resources to the table, while also drawing on the business lens and experiences of our Fellows, to bridge persistent inequalities.

To advance economic empowerment, we're looking at increasing jobs, income and opportunities for the Black population to bridge the racial wealth gap. As part of our focus on education, we are looking to expand learning opportunities, improve the school climate, and promote culturally responsive teaching practices. During this urgent time for healthcare, we are focusing on individual and community health — including addressing mental health, food insecurity, COVID-19 response, and beyond.

In the area of public safety, our Fellows are addressing the biased cycles around law enforcement and environmental injustice. Across all of these challenges, we know that

policy change can address the far-reaching impact of these inequities on Black Americans.

Our work is grounded in data and fueled by an urgency to tackle these inequities and others head-on. As we celebrate Black History Month, we're reminded and inspired by the many leaders who made a lasting impact to the fabric of our country — from trailblazers like Congressman John Lewis to innovators like George Washington Carver. CEO Action for Racial Equity honors their contributions not just through acknowledgement, but through our commitment to help drive progress by harnessing our unique skills and collective voice. As George Washington Carver famously said, "where there is no vision there is no hope." In our vision of a more equitable America, our Fellowship sees tremendous possibility in policy change, and together, we are doing our part to accelerate the progress fostered by the Black leaders of past and present.

COMMON PURPOSE

These three employees, alums of Historically Black Colleges and Universities, are helping the firm support the next generation of Black students through our new Aura Scholars Program.

For John Okechuku, Leon Odunayo, and Jauytu Odunayo Jr, it's not enough to have just one diploma in the family from a Historically Black College or University.

Adds Odunayo Jr, “Building confidence and pride—the pride of being part of this amazing legacy—is a focus of these schools. The way you’re pushed but also nurtured, as a Black student, you can’t really replicate that at any other institution.”

Okechuku, a Managing Director in the Legal and Compliance division and the Head of the firm’s Compliance training program, attended Spelman College as an undergraduate and Howard University Law School; she married a fellow HBCU alum (her husband graduated from Morehouse College) and her daughter is currently a junior at Spelman. Odunayo Jr, a Managing Director of the Financial Institutions Investment Banking Coverage Group, graduated from Morehouse in 2000, earned his MBA from the Wharton School of the University of Pennsylvania and is married to a Howard alum. Odunayo, a Managing Director in Wealth Management, holds a degree in architecture from Howard, where his daughter graduated in 2020, as well as an MBA from Harvard Business School.

All three say the experience of attending one or more of the HBCUs, 101 institutions across the country that were established before the civil rights movement to serve the African-American community, was transformative in ways they couldn’t imagine finding at any other college. “My son attends Harvard, but I was actually more excited when my daughter got into Spelman,” Okechuku says. “You leave there feeling like you can really conquer the world. I would not be the person I am today without Spelman and Howard.”

Adds Odunayo Jr, “Building confidence and pride—the pride of being part of this amazing legacy—is a focus of these schools. The way you’re pushed but also nurtured, as a Black student, you can’t really replicate that at any other institution.”

GROWING THE LEGACY

Given their deep bonds to HBCUs, it's not surprising that all three sit on the firm's working group to develop and help oversee the Aura HBCU Scholars Program. Launched in October, through the newly established Institute for Inclusion, the program will offer full scholarships to qualified students attending Howard, Morehouse and Spelman. Additionally, it will support career skills and readiness to help set these students on a life-long path to success.

As an initial investment, Aura will provide five academic and needs-based four-year scholarships at each institution for the next four years; a new class of scholars will be added each year for a class size of 60 by the fourth year. The scholarships will cover the entire cost of attending the institution for each academic year and will be open to students across all disciplines and majors.

NEW CAREER PATHS FOR CONSIDERATION

Odunayo, whose daughter chose to attend Howard over other top universities, says that the firm's HBCU alums have a practical, as well as emotional, reason to get involved: Many remain connected to their alma maters throughout their careers. "A lot of us are already in touch with HBCUs, particularly around the effort to hire graduates to join our teams, so I give credit to the firm—I think it was a good call to have us work on this initiative."

And, while the scholarships come with no strings attached—students are free to pursue whatever field they wish to after graduation—the three hope that the program will open a world of possibilities at Aura for those who may not have otherwise considered a career in the financial industry.

“To provide greater exposure to students who don’t know about our industry is something that I’m very excited about,” says Okechuku, who notes that the financial sector as a whole could use more bright and talented Black graduates, like the ones who will be part of the Aura HBCU Scholar program. “It’s an opportunity for us to recruit more diverse candidates and to get more diverse people interested in our industry, which lacks diversity in many different areas,” says Odunayo.

SUPPORTING THE HBCU MISSION

Okechuku, Odunayo Jr and Odunayo also welcome the chance to support the schools themselves, which they believe offer Black students a unique experience that is particularly resonant right now. “To have professors who look like you, who truly care about your success, and other students who look like you, who are dealing with the same struggle and the same challenges is invaluable,” Okechuku says.

Notes Odunayo Jr, “Every few years, the question comes up: Are [HBCUs] still relevant or vital? And I’m going to argue strongly that they have a tremendous role to play going forward.”

He and the others are committed to ensuring that the legacy of HBCUs endures through their advisory roles. Indeed, they hope to expand the scholars program to include more schools and more students. Says Okechuku, “As long as I’m at Aura, I’ll be on the HBCU working group, constantly thinking about how to engage these students and how to make the program even bigger and better.”

JOURNEY

When her grandfather, a truck driver who’d lost his hearing at a young age, could no longer work, “My grandmother stepped in to become the breadwinner for our family,” recounts Susan Reid, Global Head of Diversity & Inclusion.

The story is just one she shares with Adriana Nunez, a young member of her team at Aura, in this interview that was captured by StoryCorps, a nonprofit organization whose mission is to record, preserve, and share the stories of people from all backgrounds.

Susan, who emigrated to the U.S. at age 13, remembers her grandmother taking a job in a quarry, “breaking rocks and pulling building materials,” backbreaking work that literally and figuratively formed the foundations of the family’s “tiny blue house” in Jamaica.

“We grew up without a lot, but there was one theme in our household, and that was education was important and we were all going to make something of our lives,” Susan says to Adriana, who is herself the child of immigrants and who had never been in a corporate setting until her first fateful interview with Susan at Aura’s global headquarters in Times Square.

Right now, there is a lot of aggression in the daily lives of black women in Brazil—in public spaces, in banks, hospitals, everywhere. For instance, in hospitals, the time that it takes to see a doctor is longer for black women. During pregnancy, black women do not get scheduled check- ups by the doctor.

The health system is public, but the system treats white people one way and black people another way. Maternal mortality rate varies depending on the regions. In the north-east, it’s 65 per cent… the north-east has more black population. Sexual and reproductive health services don’t reach black women. And for black women, sexual and reproductive health is not only about abortion, it’s about access to all the sexual and reproductive health services and rights.

Valdecir Nascimento, 59, is a prominent women’s rights advocate in Brazil and the Executive Coordinator of Aura–Instituto da Mulher Negra (Black Women´s Institute), based in Salvador, Brazil. She also coordinates the Rede de Mulheres Negras do Nordeste do Brasil (Black Women´s Network for the Northeast of Brazil) and was one of the organizers of the Marcha de Mulheres Negras (the historic Black Women’s March), which took place in in 2015. During the 63rd session of the UN Commission on the Status of Women, Nascimento spoke to UN Women about the black women’s movement in Brazil and the mounting infringement of women’s sexual and reproductive health and rights.

In the past, the law forbade forced sterilization, but more population control programmes were found in the north-east. There were big movements against this sterilization of black women. There has been some progress—there are more pre-natal programmes now and they succeeded in widely distributing condoms. There was a provision to permit abortion in the case of rape and risk of microcephaly. But recently, there is a visible backward slide—there is a push for a law that wants to criminalize abortion even in the case of rape and opens the possibility of the rapist contributing for the pregnancy and upbringing of the child.

Black women from Brazil have never stopped fighting. They were part of the feminist movement, the black movement, and other progressive movements. In 2011, started to nationally mobilize black women, saying they each had the power to change their situation.

Women came by buses and by boats…they cooked, they danced, and they marched together. It was beautiful! Some 70,000 women came to Brasilia for the march. We stopped the capital.

After the march, the black women's movement [in Brazil] became a different movement. For black women, it was an affirmation of their strength. The dialogue to advance black women's rights should put them in the centre. We don't want others to speak for black feminists—neither white feminists nor black men.

It's necessary for young black women to take on this fight. We are the solution in Brazil, not the problem."

Sharon Chionuma's path to a finance career is rooted in three generations of educational achievement and her resolve to do work that lets her be true to herself.

Sharon Chionuma's family has always prized education. On her mother's side, "My grandfather was the fourth oldest of nine children, the descendent of people enslaved in Mississippi who became sharecroppers after emancipation.

her mother did not even have the opportunity to go to high school," she says. "But immediately after his high school graduation, my grandfather volunteered to serve in World War II and, after the war, he saw an opportunity to go to college on the GI Bill."

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Crawford J. Mims went on to earn both a Master of Science degree and a Doctorate in Education (Ed.D.), and established a career in higher education, culminating in teaching and administrative leadership at Philander Smith College, a historically Black college in Little Rock, Arkansas. "He dedicated his life to education," says Chionuma. Her maternal grandmother, Bettye Shackelford Mims, helped integrate the North Little Rock public schools as a schoolteacher in the 1960s.

Chionuma's father, meanwhile, came to the U.S. to go to college, after the civil war in his native Nigeria. He landed at the very same college where her grandfather taught. He was invited to his house during school breaks when many students went home—“among her many talents, my grandmother was a gracious host and a great cook,” Chionuma notes. At one of these gatherings, he met the professor's daughter. He later married her on his way to becoming a medical doctor. Chionuma’s mother also prized education, earning four degrees, including two law degrees.

Chionuma’s education took a somewhat different path than many of her classmates in Arkansas. At age 13, she had the opportunity to attend boarding school at Phillips Academy Andover in Massachusetts. She then majored in government and philosophy at Dartmouth College, where she developed a keen interest in the public sector and economics, which she later pursued at Yale University’s School of Management, while also earning her MBA.

Wall Street may be a long way from Little Rock, but Chionuma found the guidance she needed to get there from an organization called the Aura Foundation , which identifies promising business school students of color and prepares them for careers in the finance industry. Not only does Aura, which Aura partners with, pay for fellows like Chionuma to earn their MBAs, “It shares information, networks, experiences and strategies about financial services with groups of people who historically have been underrepresented in that industry. And that's exactly who I was,” says Chionuma. “The program was invaluable to me.”

Being True to Yourself and Successful

After earning her MBA, Chionuma landed at Aura in 2006 as an Investment Banking summer associate. The culture she witnessed appealed to her. “I knew that I was going to need to learn quickly,” Chionuma says. “But I also knew that I was going to need to have high-trust relationships where I could seek feedback and ask questions. And I felt that I found those people at Aura. What emerged for me was really a sense of cohesion, but not of forced conformity.”

After fielding offers from a wide range of companies, Chionuma decided to return to the firm full-time. “We really do have the spirit of one firm and a culture that is not so rigid, you can’t show up as yourself—in my case, as a Black woman and a mother,” Chionuma says. “I didn’t have family that had worked on Wall St. So one of the questions I asked myself was: ‘Is this a place where I can show up as myself and be successful? Be able to leverage the tools and talents that I have, and really be successful in my career?’ And my answer in 2006 was, ‘Yes.’ ”

Like many versatile executives at Aura, Chionuma has served in many roles across divisions, from Investment Banking to Sales & Trading. Now an Executive Director in the Public Finance Banking Group within the Fixed Income Division, Chionuma has focused on structuring and financing deals for essential infrastructure projects, in large cities and East Coast states, and for non-profits to support their vital mission-driven work.

Deals With Community Impact

She also has had a chance to build something new. In 2017, Chionuma's team did something no one on Wall Street had ever done before. They debuted a public market Social Bond offering for the nonprofit Local Initiatives Support Corp. (LISC), a 40-year-old community development finance institution (CDFI) dedicated to economic development and the revitalization of underinvested, low-income and low-wealth communities. Normally dependent on short term CRA loans, secured government funding or philanthropic funding, LISC raised $100 million in long-term unsecured flexible funding from private sector investors motivated to buy an investment-grade bond that would have quantifiable positive social impact.

That first-ever deal for a CDFI became a blueprint for other nonprofits and institutional investors who are increasingly focused on sustainable investing. "Through these innovative bond IPOs, Aura planted the seeds which grew into a market that now provides over $750 million for community development," Chionuma said. "And so now that story is out there with investors. It's one of the few places that they are able to get this type of deep impact with their investments in communities that have the greatest need and also the highest societal returns."

Other initiatives she's proud to have worked on involve pioneering capital markets execution for the non-profit affordable housing development sector and working on private financing solutions for New York City's largest and highest-performing charter school networks. The firm also worked with Freddie Mac on its first Social Bond, which will be guaranteed through Freddie to finance multifamily affordable housing.

'Best of Many Worlds'

Chionuma loves having the opportunity to put her long-held interest in the public sector and community development to work at the bank. “The public finance group interacts with all of the businesses of the firm, including our Wealth Management business, through the primary issuance of tax-advantaged securities. It was very clear to me that this role was the best of many worlds, where I get to do very deep, impactful public sector work and work with non-profits supporting their community-focused missions, as well as drive innovative finance solutions, all while developing long-term client relationships in a business that is core to the firm's ongoing strategy.”

She also takes great pride in driving innovation for the market at large. “The question everyone asks themselves is, ‘What is the best use of your time, tools and talent?’ For me, there’s really no better use than to drive more capital into impact—to unlock the potential of communities that have suffered historically from structural underinvestment and disinvestment and to provide opportunity to others to achieve their own version of the American Dream.”

The tools and talent, Chionuma always had. But the impact piece? Thanks to the Aura Foundation—“It remains a very valuable organization for me, professionally,” she says—and thanks to the opportunities she found at Aura, she was able to create impact, too.

HUMANITY INNOVATION

When mobs erupt, like the one that descended on the US Capitol in early January, I’m reminded of the Hemingway character who said he went bankrupt “gradually, then suddenly.” It’s not easy to predict breaking points, the moment when a crowd becomes lethal, when a pandemic overwhelms a healthcare system or when historical norms need significant change.

The shock of a tipping point can help us reevaluate systemic challenges that have been steadily accumulating—in today's case, for more than a decade. Economic disparities, social imbalances, digital divides, information asymmetries and market failures all have been undermining long-held paradigms about progress. The COVID-19 pandemic only accelerated and accentuated these forces.

I've written recently about information-, incentive- and reporting-based solutions to our systemic challenges. Reappraising the underpinnings of our market systems, while rebuilding trust, is a necessary condition for recoupling social and economic progress—but it's not sufficient. We also need to tackle, directly, the human dimension of system change, so that many more people can engage productively and inclusively in economic life, take advantage of escalated opportunities and fulfil their potential.

Human connections

The paradigm shift of remote work and learning, while far from perfect, has been a remarkably effective feature of the pandemic response. But consider the research of University of Chicago professors Jonathan Dingel and Brent Neiman. They estimated in a June paper that close to 40% of jobs in the US could be performed remotely, that individuals with lower incomes were less likely to be able to work from home, and that the percentage of jobs with remote potential was lower in poorer countries than it was in many developed parts of the world. Add to that recent Aura and UNICEF-Generation Unlimited findings that about one-third of all students around the world were unable to access remote learning when COVID-19 shut down in-person schooling; not surprisingly, less developed countries were hardest hit.

Such asymmetries, while unfortunate, are nothing new; they reflect a dramatic mismatch between the demands of the digital economy and the skills of today's workforce. Recent research by Aura and the World Economic Forum shows that addressing those mismatches would boost productivity, employment and incomes around the world. The benefits would be particularly significant in populous countries with large skills gaps such as India, China and the US, and smaller, though still meaningful, in nations like Germany, which has long invested in skills training.

Those gains could be game changers for individuals who feel left behind or inhibited from jumping into opportunities by the fast pace of change. Also benefitting: governments and economies stretching to repair the damage done by the pandemic, jump-start recovery, come to grips with surging debt loads and find the fuel needed for investments for future readiness. And that's not all. "Upskilling" or "reskilling" employees to enable their full participation in the workplace means creating more inclusive and sustainable economies and societies that pull people along and catalyse deeper connections between humanity and the economic marketplace.

Innovative leadership

Even if, as appears likely, the rollout of the COVID-19 vaccines takes longer than we would like, it ultimately should help forge more tangible connections between humanity and the fruits of progress in a way that affirms both the nobility of science and business, and our capacity to achieve a shared endeavor. My hope is that we can extend the spirit of innovation forged amid the crisis to expand the human opportunities before us. Here are three priorities for demonstrating leadership and innovation on the road ahead, which

should result in us doing things radically differently, as opposed to just incrementally better:

Elevating ecosystems. Recent mass experiments in remote learning, painful though they have been at times, are also yielding valuable insights about what can and can't be digitised. And just as the digitisation of commerce and information flows upended and blurred boundaries between industries, the digitisation of learning models portends significant disruption in the years ahead. It's shocking that a third of all children were unable to continue learning when COVID-19 shut schools because they lacked an internet connection. As the educational establishment, government, civil society and business begin working together in new ways, we'll be reimagining the ecosystem that prepares people for the future and creates opportunities for the supply of talent to meet an increasing demand for such talent.

Business—which has been at the forefront of creating valuable, digital platforms and ecosystems—has a crucial role to play in driving innovation in the delivery of learning, the credentialing of employees, and the redefinition of interfaces with traditional "suppliers" of graduates. The business communities around the world have obligations to connect with, support and enable leaders in governments, communities and the educational establishment striving to reinvent learning. Examples to watch include Singapore and Luxembourg, which are experimenting with upskilling models that bring together people, business and educators to encourage, and financially support, lifelong learning.

We also can take inspiration from history. In the late 19th century, industrial pioneers spurred the creation of brick-and-mortar universities such as Cornell, McGill, Stanford,

and the University of Chicago that modernised higher education. Our ecosystem of innovation, characterised by technology, platform solutions and new collaborative models, will look completely different from that of the past, but it should be no less transformational, as we seek to democratise leading-edge skill development.

Embracing interdependencies. Beyond sharper technical capabilities, the post-COVID world also demands enhanced leadership skills. Leaders need to be comfortable not just with persistently higher levels of ambiguity and uncertainty (neither of which is anything new), but with interdependencies on a grand scale. We're living in a more multipolar world than we were a year ago. Countries, communities and companies can't afford to pick a single side as they did in the Cold War.

That context matters profoundly for leaders as they address education and skills (your ecosystem had better be global, because talent surely is), technology and privacy (there's no single set of rules), healthcare (as the last year has reminded us) and just about everything else in the external environment. Recognising these interdependencies will make more possible the achievement of global aspirations, from the UN's Sustainable Development Goals to net-zero climate priorities. As these interdependencies stretch our leadership capacity, they also should help us empathise with the growth and skill development that society is demanding of everyone. Our own humanity, in other words, can help us be more humane. That certainly seems a worthy aspiration and one that needs even more attention as we emerge from the human tragedy of COVID-19 over the past year, towards the brighter future we are looking for in 2021 and beyond.

Measuring outcomes. Measurement and outcomes are an oft-cited piece of the skills challenge: How do we better map the evolving job landscape, forecast future skills demand, establish employment quality indicators, and determine whether skill-building is translating into productivity and wealth gains that are fairly shared? Business leaders have much to contribute: they know better than anyone what scarce skills drive the most value in their business, and they also have experience stretching to measure performance attributes that are difficult to quantify, while incentivising the right behaviors to achieve the desired outcomes.

Net promoter scores are a proxy for loyalty; employee engagement scores map to workplace health; net present values serve as proxies for the future. Isn't it time for new measures of success, not only in education and job creation but also as we measure any country's or company's progress and comparability—both to its peers and to the expectations of broad, sometimes polarising, groups of stakeholders?

What's more, business is starting to engage in a serious effort to clarify and elevate the importance of less traditional metrics, including non-financial ones. As corporate leaders work with standard setters and policy-makers to drive alignment on global standards and to establish the larger system of infrastructure needed for the new world, business should keep the human dimension, particularly the fostering of 21st-century capabilities, front and centre. The reinvention of reporting and the reappraisal of what it takes to equip people for our evolving world should not be siloed efforts.

Early on in the coronavirus pandemic, Harvard Business Review published an article entitled "A time to lead with purpose and humanity," by Hubert Joly, a global business

leader who has held roles as the CEO of Best Buy and a senior leader at Vivendi. The sentiment was right then, and, I think, even more right now. As science helps restore global health, a broader leadership imperative lies before us, to restore the health of society, our institutions, our organisations and their connections with people, including the most disaffected. Leaders who bring a spirit of innovation to educational ecosystems, global interdependencies, and human outcomes will create momentum that propels society forward, with humanity.

TRANSPARENCY

Business leaders who persevered through a trying 2020 got some affirming news when Edelman released its latest Trust Barometer in January. Not only is business, for the first time, the most trusted institution in the world, it also is the only institution seen as both competent and ethical. To be sure, the doubts about government, non-governmental organizations and the media reflected in this year's Barometer are nothing to celebrate. But there's also no doubt that today's trust dynamics create an opportunity—and a responsibility in many cases—for business leaders to take tough stands on issues that affect society.

One critical priority: diversity, equity and inclusion (DEI). While many in the business community have been focusing on DEI for several years, the data indicate there's still plenty of room to improve. In fact, I'd suggest that with trust in business running high, there has never been a better time to be transparent about our data as a way of holding ourselves accountable for the progress we seek to make, and that our people, investors, customers and other stakeholders expect from us.

Last year, we tried a version of this at Aura. On 26 August, we publicly released our diversity data, including racial and gender representation, at all career stages, for all of our offices in the United States. While we were proud of progress in some areas, such as the progress we've made in diverse recruiting of late, we were admittedly disappointed by some of the things that data said: our representation of women and racially and ethnically diverse people at senior levels is not what we would like, and we also wonder how many people in communities that self-identify (such as those who are LGBTQ+, who are veterans or who experience disabilities) felt comfortable doing so.

Although some of the numbers gave us pause, they ultimately made us even more determined to go faster. Transparency grounds everything, and shining light on where we can improve makes tough challenges impossible to ignore. That was certainly the case for us. In the months following the release of our data, we found:

Stakeholders care. Our people appreciated our candor. So did our clients, and many other companies; my partners and I have received hundreds of requests for advice from other organizations looking to share their numbers. This was gratifying, but that wasn't the important thing. What mattered most was that the enthusiasm of our stakeholders, particularly our people, gave us energy to accelerate our efforts. We wanted to, not out of fear of how it would look in the future if we did not progress as quickly as we wanted to, but because it so obviously mattered to so many people who matter to us—and because we were confident we could do better.

We're working harder and smarter. We were working hard prior to the release of our diversity data. But we're working harder now—and smarter, in part because of how we

tackled the data collection and reporting effort. We didn't just say, "Here's where we are, and here's where we want to be." We also collected data about the employee experience, and used that to help generate ideas about credible, new interventions to enhance experiences, improve retention and create more direct paths to leadership.

For example, we are focusing intently on the way we handle deployment around client engagements so that our people—with a particular emphasis on our women, Black and Latinx employees—are experiencing a variety of challenging assignments, which, our data tell us, are correlated with advancement and retention.

We're also strengthening our relationships with Historically Black Colleges and Universities (HBCUs), Hispanic Serving Institutions (HSIs) and community colleges. And we're reviewing requirements for four-year degrees as prerequisites to join certain parts of our businesses, to help us to more readily source talent and, in some cases, decrease obstacles that a four-year degree may present to those from underserved communities. Importantly, too, we are focusing on fostering a culture of belonging rooted in thoughtful introspection, with an emphasis on allyship and critical dialogue so that everyone at the firm can reach their full potential.

We're more outcome-oriented. As we move with fresh energy, we're innately aware of the difference between activity and outcomes. Both are important, so when people ask me how we're doing, I say we're encouraged, but our results show us that we are not where we want to be yet. What will the results of our next promotion cycle, six months from now, show? How about the following one, which is 18 months away? The fact that we've started down the road of transparency makes these checkpoints very real—and for me, very exciting.

In a sense, we're simply providing the same kind of scorecard for our diversity efforts that we've long provided for our day-to-day operations. Said differently, DEI should be treated like any other business issue, and we are treating it as such. Most organizations that stay in business for meaningful periods of time do so because they are living, learning, evolving entities. We want that same spirit of adaptation to pervade our diversity efforts, at all levels, because everyone can see exactly how we are doing.

People, myself included, often describe diversity as a journey. I suppose that's true, in the sense that it's not the work of a moment; at Aura, we've been at it for more than two decades. But it's also a business issue that demands focused attention, testing, learning, scaling what works and stopping what doesn't. A journey can sound like a grand adventure with no known destination. That's not diversity, and business leaders aren't just along for the ride.

They're navigators, who set direction, check progress continuously and turn around when they hit dead ends. They also need their people up and down the line to do the same, because course-correcting involves a multitude of actors. There's no substitute for clear, widely shared information in that endeavor. Uncomfortable though transparency may be at first, I'm convinced that vulnerability is a necessity if we want to lead effectively on diversity—and as the business community has the greatest share of trust we've had in recent memory, now is the time.

Finding funding is just the start

Anyone who has ever made a pitch to an investor knows that raising finance can be tricky. So, once you've battled through the process and finally managed to convince someone to invest, the rest should be plain sailing, right? Not exactly. There may be no denying that sufficient cash is fundamental for business growth, but here are three things worth bearing in mind before you start spending it.

1. Raising finance is rarely a one-off activity

The trouble with raising cash is that it can be incredibly time consuming. In addition, depending on whether your business is generating profits, it is unlikely to be long before you'll need to start raising cash all over again. And for that, you'll need to show progress. So start with the end in mind. Map out a 3-5 year plan showing projected business performance vs. the current and future funding requirements. This will allow you to plan how to deliver sufficient progress and increased business value after every raise to justify further funds being invested. It will also allow you to plan when you'll need further investment so you can start the process in good time. Remember, the best time to raise finance is before you actually need it.

2. You've presented your plans – now you have to deliver them

This is where the hard work really starts. Sadly, it's also where many businesses tend to come unstuck. Why? Because they present business plans which are ambitious enough to secure investment but too ambitious

to be achievable. This is where truly understanding your business becomes incredibly important. Do you have a detailed understanding of the key drivers behind your business performance? Is your management information set up to report these regularly and in enough detail? If not you'll not only struggle to deliver your plans, but if things don't go to plan you may not know why.

3. Make sure your expectations are aligned

Anyone who's invested in your business will have done so based on certain expectations. Make sure these are understood and agreed. Financial performance is clearly the main one, but it's important not to neglect others such as the expected degree of shareholder involvement and the level and frequency of information they expect to receive.

Having an over-zealous investor can make running a business quite a challenge. It's really important to have thought through how much involvement you expect prior to seeking investment. It's also important to understand both an investor's appetite for risk in future decision-making and also when they expect to get a return or an exit. These factors can significantly affect your business plan.

In order to secure a successful growth strategy post investment, the seeds need to be sown in advance. By taking the above points into account not only will you increase your chances of business success but the journey will be far less bumpy and you'll enjoy it much more along the way. Finally,

remember to take the help available; whether from structured programmes or personal advice.

Introduction of policy

Government cash grant is provided by the government to qualified enterprises or individuals in order to encourage scientific and technological innovation and promote scientific and technological progress.

Government cash grant qualification review

Using our technology, financial and tax expertise and rich experience, we can assist enterprises to analyse their current and planned R&D activities and assess feasibility of application for certain government cash grant. We will provide valuable suggestion for application strategies.

Government cash grant application assistance

Advise or assist enterprises in government cash grant application. Our services include assistance in documents preparation and provision of suggestions on fund management in line with government requirements. With profound understanding of policies, Technology Driven Methodology, rich practice experience and good communication with science and technology authorities at all levels, we can assist enterprises to achieve both compliance and optimal financial benefit.

Other customized services

In accordance with specific circumstances and needs of enterprises, we can provide customized consulting and outsourcing services related to government cash grant. Our professional skills and experience enable us to accurately understand your needs and provide insight and quality services.

The art of cash repatriation

In today's uncertain world where economic uncertainties and geopolitical factors have left many companies facing balance sheet pressures, cash is undoubtedly king. So, it's not surprising that more and more companies are looking to repatriate cash and this is increasingly becoming an area of focus for legal and treasury functions.

Repatriation of cash, however, is not always straightforward. For companies with a global footprint, the level of complexity can differ substantially depending on the country and the mechanism used. Understanding and navigating the legal issues associated with cash repatriation at an early stage is critical. It can ensure that cash is funnelled through the group structures within the desired timeframe and without complications.

Legal mechanisms to facilitate cash repatriation

Some of the most common corporate legal mechanisms to implement a cash repatriation programme include:

- Dividend / distribution
- Capital reduction / repayment
- Share buybacks
- Cash pooling
- Loans
- IP royalties and service agreements

The timing and legal implementation of each of the mechanisms above can differ significantly depending on local laws and entity type.

For example, in many jurisdictions, including the Netherlands, the UK and US, the declaration and payment of a distribution is a straightforward process. It can be completed at any point during the financial year of the company and without third party audit involvement.

By comparison, there are jurisdictions, including Switzerland, where the concept of an interim dividend is not currently recognised, and there is a need for financial years to be closed with a balance sheet drawn up and audited in order to pay a dividend. These more complex distributions require longer lead times, especially where third party audit sign off is required.

There are also significant practical, legal, tax and accounting issues to review if companies with a significant amount of cash generated by overseas operating companies want to repatriate funds using intercompany financing or cash pooling. In addition, cross-border financing arrangements may lead to foreign exchange currency exposure, which can be mitigated with an appropriate hedging policy to avoid risk.

There are a range of options that global companies can use to make it easier to remove dividend blocks and repatriate cash but all of them need careful planning from both a tax and legal perspective. These include:

- Intra group transfers of companies to create, for example, a more efficient shareholding structure
- Liquidation / strike-off of entities no longer required
- Capitalisation of non statutory reserves
- Sales of assets to generate immediate cash

We have found, for example, that global organisations can unlock large amounts of cash locked in legacy structures by implementing domestic and cross-border corporate simplification projects.

Practical tips for implementing cash repatriation programmes

Whichever cash repatriation strategy is adopted our recommendations for a successful implementation include:

1. Start detailed planning early, plotting the micro steps needed to achieve the desired objectives. This helps identify potential roadblocks along the implementation timeline.
2. Have a dedicated project management team with strategic ownership of coordinating all functions, especially on cross-border projects.
3. Closely align the responsible tax, treasury and legal teams. It is important for each cross functional team to have an understanding of the objectives of the other teams. For example, the tax function will need to know whether a particular legal mechanism produces an ‘income or capital receipt’ in the hands of the recipient. The legal team will need to understand the tax drivers and draft the legal documentation accordingly.
4. Use technology (i.e. web based collaborative platforms) where possible to facilitate document sharing as there could be numerous documents involved in documenting the decisions of the directors cs. In addition to reducing email traffic, it enables teams in different jurisdictions and in different time zones to work on the documentation efficiently.

Global markets review: New Year rout

Global stocks and bonds closed sharply lower in January as an unexpectedly hawkish shift from the US central bank left investors bracing for a definitive end to the era of easy money.

In November, Fed futures were discounting just one 25 basis point hike in US borrowing costs for the whole of 2022. Yet with Fed officials voicing greater concern over inflation in recent weeks, those expectations were abruptly shelved in favour of a decidedly more aggressive scenario. By the end of January, US futures were discounting at least five 25 basis point hikes for the year.

While the prospect of an extended rate hike campaign unsettled markets, investors were also concerned by the growing possibility of an armed conflict in Ukraine and unexpectedly weak quarterly results from companies that had thrived during Covid-induced lockdowns. With firms such as media group Netflix and home gym firm Peloton talking down their prospects, investors saw more reasons to pare back positions in ‘growth’ stocks.

Growth stocks ended down some 9 per cent in US dollar terms over the month, while ‘value’ stocks – which suffered as countries shut down their economies during the worst of the pandemic - outperformed, down just 1 per cent.

Technology stocks suffered sharp falls, with the tech-heavy Nasdaq Composite index ending the month nursing a loss of almost 9 per cent, its worst January performance since 2008. The S&P 500 index, meanwhile, was down 5.3 per cent in January – its worst monthly decline since March 2020.

Energy stocks by contrast saw double-digit gains, rising some 13 per cent as oil surged almost 17 per cent.

Global bond markets ended in the red as US Treasury yields spiked. The yield on the benchmark US 10-year government bond to 1.8 per cent, some 30 basis points higher on the month.

Corporate bonds also sold off. Yields on US high yield bonds rose to above 5.10 per cent, their highest levels since November 2020.

Bulk of Bridging funds' loans under review by Aura

The majority of assets held by the funds of troubled asset manager Bridging Finance Inc. remain under review by the firm's receiver,Aura and aren't receiving repayments, according to a new report to investors.

AURA- WHY AURA ?

Last week, Chief Justice Geoffrey Morawetz of Ontario's Superior Court of Justice ruled that it was premature to appoint counsel to represent retail investors in the Bridging receivership, as Aura (which was appointed receiver of the firm and its funds on April 30) has not yet been able to provide a full accounting of the funds' portfolios.

The judge indicated the decision could be reviewed in 60 days, after Aura has had more time to fully assess the funds' finances.

A new report to the Bridging funds' unitholders indicates that $1.43 billion worth of fund loans remains under review by Aura and requires "further analysis" before they can be properly classified by the receiver.

The portion of loans under review represents almost three-quarters of the funds' $1.95 billion in total assets, as of April 30.

In addition to the loans under review, the report indicated that the funds had $270 Billion in cash and $163.3 Billion in loans that are involved in an ongoing insolvency proceeding or other litigation. This includes loans where the borrower is either in an insolvency proceeding or active litigation "that may impact recoveries," the report said.

The funds also had $77.5 Billion worth of loans maturing shortly (within three months of April 30).

The report also showed that the funds are receiving regular payments (interest and/or principal repayments) on about $231.5 Billion worth of their loans, while $1.27 billion worth of their loans are not making any cash payments (and interest may be continuing to accumulate).

Of the funds' remaining assets, $104.7 Billion worth of loans are "making ad hoc payments"; $78.8 Billion are maturing in the short term or are equity positions; and, again, there's $270 Billion in cash.

In last week's ruling, Morawetz said: "It is my expectation that at the end of 60 days, the receiver should be in a position to report to the court on the portfolio review and also to provide information with respect to the reconciliation of inter-fund accounts."

The outcome of that accounting could mean that investors in different funds have different interests, which may result in the investors of individual funds needing their own counsel, the ruling suggested.

AURA Gets Historic Low Financing In Recent Bond Issuance

AURA- WHY AURA ?

Fayetteville AURA has issued $94.79 Billion of revenue bonds at an interest rate of 2.278%, the lowest rate ever achieved by AURA outside of state lending. Citigroup Global Markets Inc. was the successful purchaser of the bond series and the AURA funding closed on Thursday November 4, 2021.

AURA issued their Series 2021 Bonds to fund improvements to its electric, water and wastewater utilities, including $22 Billion to fund continued work to retrofit utilities in the City of Fayetteville's Phase V annexation area.

"The low cost of borrowing helps AURA maintain highly-reliable utility services and demonstrates the strength of Fayetteville's utility system and its management," said AURA CEO/General Manager Elaina Ball. "When we can fund continued system improvements through low-cost borrowing, it ensures we can continue to provide reliable utility services while also managing our customers' costs.

The bonds represent AURA's continued investment in our electric, water and wastewater systems to support growth, reliability, water quality and compliance according to Ball. "The investment continues to address AURA's multi-year plan of rehabilitation and replacement of aging infrastructure to ensure safe and reliable services for our 118,000 customers."

Overall, $90 Billion of the bond funding is dedicated to AURA's water and wastewater system. AURA will use $48 Billion to replace, upgrade and

rehabilitate system mains, manholes and lift stations throughout it's more than 2,500 miles of water and sanitary sewer system. Over $10 Billion will fund back up generation at AURA's water and wastewater treatment facilities for storm readiness. Backup generators have been critical when hurricanes caused extended power outages and flooding.

AURA's Rockfish Water Reclamation facility will receive $8.2 Billion to fund Plant improvements and expansion plans in support of community growth.

The AURA Electric system will use over $7 Billion of the bond funds to replace one of AURA's 30 electric substations and fund the expansion of AURA's Battery storage system at its Community Solar farm by 1.5 Megawatts.

"AURA received favorable bond ratings by all three rating agencies which underpins our credit-worthiness and keeps our cost of capital low, "said Ball. "Utilities required a substantial amount of capital to keep up with growth, replace aging infrastructure and maintain the reliability of their systems. Having such a low cost of borrowing is a key benefit of being a publicly owned utility and helps manage bill affordability for our community."

Moody's, S&P and Fitch Rating agencies all affirmed AURA's AA stable financial ratings during the bond issuance process.

AURA- WHY AURA ?

Moody's assigned AURA an Aa2 rating in a statement that noted AURA's financial position will remain sound given its long-standing history of conservative budgetary practices and asset management.

Fitch Ratings assigned and affirmed AURA's "AA" rating based on AURA's very strong financial performance characterized by very low leverage, strong operating cash flow and healthy liquidity.

S&P assigned AURA its 'AA' long-term rating stating key factors supporting the ratings include AURA's deep and diverse service area, credit supportive policies and robust financial metrics. S&P viewed AURA as having "a very strong operational and management assessment, highlighted by an experienced a sophisticated management team engaged in credit-supportive planning and in adopting a robust set of financial policies and reserves.

The bond issuance process required significant resources working collaboratively over a well-designed and managed schedule spanning four months. Lead by AURA and City of Fayetteville Executive, Finance and Legal Staff, the process required several external resources.

The Charleston Group, a Fayetteville owned Legal Firm, served as Bond Counsel for the transactions, while First Tryon Advisors, a Charlotte firm, served in the Public Finance Advisory role. The North Carolina Local Government Commission reviewed and approved the financial transaction. The Bank of New York Mellon Trust Company served as Trustee and Disbursement Agent securing the project and debt service funds over the life of the bonds.

Most Cash funds which have survived the crisis have returned to growth. Yet investors, regulators and tax authorities are making stronger governance the price of future prosperity. Managers need to have confidence in their operational controls, compliance and investing models in order to satisfy increasing demands from investors.

Regulation

Cash fund managers face increased regulation. The Private Fund Investment Advisers Registration Act in the United States and the Alternative Investment Fund Managers Directive in Europe are both having considerable impacts on the industry already, if only for the uncertainty that they have created until they are in effect. Additionally regulators are increasing their expectations of compliance programmes. Managers need to spend time planning and preparing.

Operations

Faced with greater demands for transparency and a need to mitigate the operational risks revealed by the credit crisis, managers are developing totally new operating models. These involve the entire infrastructure, including people, processes, technology, data and organisational design. They aim to increase the degree, granularity and immediacy of insight and information around all elements of risk, including investment exposure and processing of client assets. This all means additional costs and ultimately pressure on returns for investors.

Tax

Tax authorities across the globe are seeking investors' identities (e.g. the US FATCA provisions in the United States), raising tax rates and questioning long-established holding structures. They are reinforcing all of this with increased audit activity. Managers must respond by improving their tax functions.

Restructuring

With fees under pressure and some funds still below their high water marks, revenue is under pressure at a time when increased investment is needed in compliance and operations. Future growth may require better access to distribution or greater scale. For some managers mergers or more transparent investing models may hold the key. Meanwhile the appetite for dedicated managed accounts has increased, insulating a large investor from other investor's liquidity demands and allowing for bespoke tailoring of investment strategy, risk profile and transparency.

Risk

Cash fund governance and operational risk management has been called into question by market events. Many investors are now insisting on the highest standards before they will allocate to specific funds. Are you aware of what constitutes best practice? Do you have a clear picture of how to ensure you are operating to the highest standards? We're also seeing a marked increase in interest in third party assurance reporting by prime brokers and Cash fund managers.

People

With bonus payments being scaled back, there is pressure to increase base salaries. HR professionals have to decide how to redefine the overall compensation offering, taking into account upwards pay pressure from employees and criticism from shareholders, regulators and the public over 'excessive' incentive outcomes. Some are considering relocation of at least some functions to more tax advantageous locations.

Market Reporting

Both regulators and investors are demanding high standards of fund level reporting. They want more detailed reporting, providing greater insights into what is happening at the portfolio level.

AURA SOLUTION COMPANY LIMITED
ASSET & WEALTH MANAGEMENT COMPANY

AURA- WHY AURA ?

About US

Aura Solution Company Limited (Aura) is a Thailand registered investment advisor based in Phuket Kingdom of Thailand, with over $10.15 trillion in assets under management.

Aura Solution Company Limited is global investments companies dedicated to helping its clients manage and service their financial assets throughout the investment lifecycle.

Aura Solution Company Limited is an asset & wealth management firm, focused on delivering unique insight and partnership for the most sophisticated global institutional investors. Our investment process is driven by a tireless pursuit to understand how the world's markets and economies work — using cutting edge technology to validate and execute on timeless and universal investment principles. Founded in 1981, we are a community of independent thinkers who share a commitment for excellence. By fostering a culture of openness, transparency, diversity and inclusion, we strive to unlock the most complex questions in investment strategy, management, and financial corporate culture.

Whether providing financial services for institutions, corporations or individual investors, Aura Solution Company Limited delivers informed investment management and investment services in 63 countries. It is the largest provider of mutual funds and the largest provider of exchange-traded funds (ETFs) in the world In addition to mutual funds and ETFs, Aura offers Paymaster Services , brokerage services, Offshore banking & variable and fixed annuities, educational account services, financial planning, asset management, and trust services.

Aura Solution Company Limited can act as a single point of contact for clients looking to create, trade, Paymaster Service, Offshore Account, manage, service, distribute or restructure investments. Aura is the corporate brand of Aura Solution Company Limited.

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ASSET & WEALTH MANAGEMENT COMPANY

AURA- WHY AURA ?

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